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Daily Report

LAST ISSUE

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LAST ISSUE

Latin America

FBIS-LAT-96-148
Wednesday
31 July 1996

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Daily Report
Latin America

FBIS-LAT-96-148 *31 July 1996*

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Inter-American Affairs: Parlatino Rejects Helms-Burton Law

PA3007201796 Mexico City NOTIMEX in Spanish 0318 GMT 27 Jul 96

[FBIS Translated Text] Mexico City, 26 Jul (NOTIMEX) — During the closing session of the Latin American Parliament (Parlatino), the participants have called for the rejection of extraterritorial laws, such as the Helms-Burton law, and the certification processes on drug trafficking.

Deputy Carlos Reta Martinez, chairman of the Parlatino Political Affairs Committee, has said the organization rejects the extraterritorial design of the Helms-Burton law. That is why it has urged the legislative bodies of every country to enact "antidote" legal systems and instruments that make it possible to protect the interests of its citizens, he has said.

It also will promote dialogue with Latin American legislative branches for the purpose of finding means to prevent and avoid the impact of that legislation and other "interventionist" actions that may seek in the future to alter the bases of international law.

As for drug trafficking, Parlatino has asked for the rejection of the certification process and those mechanisms that under the pretext of assistance seek to impose sanctions on the producer countries or those employed in drug trafficking.

In addition, it has asked that the governments of the region hold as soon as possible an international conference on the production, sale, consumption, traffic, and illicit distribution of drugs, with the goal of assessing international cooperation and promote actions [sentence as received].

As for corruption, Parlatino has confirmed it remains present in Latin America's everyday life and involves social morals as well as the standard norms of the region's economic, political, and cultural sectors. Hence, eradicating it must entail a profound revision of the education system.

Parlatino has called on governments and assemblies to give priority to establishing systems that may sanction and prevent every illicit conduct or action that may adversely affect the patrimony of nations or harm the prestige of institutions.

Parlatino President Juan Adolfo Singer has said the 10 lines of priority actions for this organization are ready in the fields of health, foreign debt, corruption, citizen safety, education, the environment, and food.

During the meeting of the commissions on political affairs, the environment, and tourism, Singer has said "Latin America is not capable of paying its foreign debt," which totals $600 million. He has said Mexico is making an "extraordinary effort" to make an early payment of $7 billion, although many nations of the region find themselves unable to lower their foreign debt.

Inter-American Affairs: FM's Agree To Bolster FTAA Work

PA2607234296 Guatemala City Televisiete Television in Spanish 1900 GMT 23 Jul 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] The finance ministers from Nicaragua, Guatemala, and El Salvador, today agreed that in the next few years headway will be made toward a continental free trade agreement.

Guatemalan Finance Minister Jose Alejandro Arevalo said that relations between Latin American countries have strengthened, but nevertheless, it will take some time to consolidate a Free Trade Area of the Americas, FTAA.

At the Summit of the Americas, held in December 1994 in Miami, it was agreed to work for the establishment of a continental free trade area by the year 2005, at the latest.

Inter-American Affairs: Network To Help Emigres to U.S.

PA2907001596 Mexico City NOTIMEX in Spanish 1833 GMT 28 Jul 96

[FBIS Translated Text] San Salvador, 28 Jul (NOTIMEX) — Approximately 200 delegates of Latin American and Caribbean leftist parties today agreed to establish a communications network to oppose the current "anti-immigration drive" in the United States.

In the third day of debates, the leftist politicians who are attending the Sao Paulo Forum in San Salvador agreed to establish communication mechanisms among related parties and organizations to obtain information on the emigres' problem.

Participants in the meeting also said that programs will be established to assist millions of Latin American emigres residing in the United States.

The Sao Paulo Forum, created in Brazil in 1990, opened its 6th meeting last Friday with the presence of more than 7,000 Salvadoran leftists.

The meeting, which closes tonight, is attended by leaders like Inazio "Lula" Da Silva of the Brazilian Workers Party, delegates of the Sandinist National

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Liberation Party (FSLN) of Nicaragua, and the Party of the Democratic Revolution (PRD) of Mexico, as well as members of the Guatemalan and Colombian guerrilla organizations, among others.

Mario Saucedo of PRD said the communications network would seek to assist emigres and defend them from abuses and violence through legal and political advisorship.

The agreement includes the possibility of creating an office to represent the Sao Paulo Forum in New York, close to the United Nations, to learn about and report on the situation of Latin American emigres.

In addition, the forum will help disseminate the "Declaration of Universal Rights of Emigre Workers and Their Families."

The PRD delegate estimates that some 20,000,000 Mexicans and 10,000,000 Central Americans live in the United States.

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Cuba

Cuba: U.S. Citizen Vesco To Be Prosecuted 1 Aug

PA3107052196 Havana PRENSA LATINA in Spanish 0404 GMT 31 Jul 96

[FBIS Translated Text] Havana, 31 Jul (PL) — Sources from the Prosecutor's Office reported that U.S. citizen Robert Vesco will be tried on Thursday [1 Aug] for actions detrimental to economic plans, embezzlement, and illegal economic activity.

The accusatory document, of approximately 20 pages, is in the hands of this capital's People's Provincial Tribunal and all interested parties, Prosecutor Edelmira Pedris, who will act in the case, told PRENSA LATINA.

The Prosecutor's Office also pointed out that the hearing on the suit took into account all procedural steps and guarantees, and it is now up to the tribunal to determine whether felonies have been committed or not.

Vesco, a U.S. citizen living in Cuba since 1982, was admitted on humanitarian grounds at the request of friends of the revolution, in order to receive medical attention, Cuban authorities stated.

Afterward, these sources clarified, Vesco requested permanent residence, and it was granted. He was warned to obey the country's laws and behave properly.

Government sources categorically denied having authorized Robert Vesco to carry out economic activities on Cuban territory. He will be tried in the 4th Penal provincial court, following his arrest on 31 May 1995. The Attorney General [Ministerio Fiscal] has requested a 20-year jail sentence.

Likewise, they said that the government gave instructions for no national entity or enterprise to maintain relations of this nature with Vesco.

According to Prosecutor Predis, the investigative process required authorizations for longer periods, given the complexity of the case, which, according to the accusatory act, included swindling foreign businessmen and companies.

The document stated that Vesco proposed studying a new medication, and the Cuban Health Ministry (Minsap) authorized the corresponding investigations to know its potential and effectiveness.

However, it added that the U.S. businessman lured foreign investors to the "TX" project, as the study was dubbed, by, among other irregularities, deceiving them, by telling them that he had official support and by promoting alleged premises for the medication's marketing.

This is how, the document went on, he even made commercial commitments and sold nonexistent products, for which he received considerable amounts of money, most of which he used to pay his personal expenses.

Vesco assured his partners that the Cuban medical-pharmaceutical industry was producing TX (also called Bioxan), and he created a foreign company as an alleged counterpart in Cuba for the project, which was never registered in the country according to the accusation.

The first signs of irregularities in Vesco's operations prompted the Cuban Minsap [Ministry of Public Health] to suspend the project on 28 December 1994, of which Vesco was informed, but — the prosecutor's office said — the defendant resorted to other institutions and obtained a license to do research with the Labiofam S.A. firm, from which he also concealed his involvement with foreign partners.

Among other crimes, Vesco presented Cuban citizen Lidia Alfonso Llauger, his common-law wife at the time of his arrest, as the representative of the Cuban part of his business.

Lidia Alfonso Llauger married Vesco during the arraignment procedures and has been charged with the same crimes. The sentence requested by Prosecutor Pedris in her case is 10 years in prison.

Cuba: Cooperation Agreements Signed With Belize

PA2807021396 Havana Cubavision Network in Spanish 0000 GMT 25 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] The first agreement for technical and economic cooperation between Cuba and Belize was signed at Minrex [Ministry of Foreign Relations] headquarters by Raul Taladrid, foreign investment and economic cooperation vice minister, and (David Gibson) permanent secretary of the Belizean foreign affairs ministry. After the signing, (Gibson) and Foreign Relations Vice Minister Isabel Allende signed an joint cooperation agreement to fight drug trafficking. Alfredo Martin Martinez, the first ambassador from Belize in Cuba, attended the ceremony.

Before the signing of these agreements, (Gibson) held an official meeting at the Foreign Trade Ministry. In statements made to this newscast, he said that his visit confirms a high degree of friendship and mutual respect. He also highlighted the desire to strengthen bilateral relations.

The permanent secretary of Belize's Foreign Affairs Ministry will be a guest at the 26 July celebrations.

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Cuba: Robaina Meets Chilean President, Top Officials

PA3107011896 Havana Radio Progreso Network in Spanish 1700 GMT 30 Jul 96

[From the "National News" newscast]

[FBIS Translated Text] Foreign Minister Roberto Robaina continued meeting today with a number of top Chilean officials as part of his official visit to that Latin American country. We have the following report from Santiago, Chile, by Hector Martinez.

[Begin Martinez recording] Robaina met this morning with Planning and Cooperation Minister Luis Maira and representatives from practically every political party and organization from all walks of political life in Chile.

Robaina also visited the National Bank of Chile, where he met with Bank President Andres Sanfuentes and spoke with Alvaro Garcia, minister of economy, development, and reconstruction, at the Ministry's headquarters.

During a meeting with the media, Robaina stated that, during all of his meetings, there was strong interest in the Cuban economic truth, the consequences of the Helms-Burton law, and strengthening and developing bilateral trade links.

Robaina is slated to meet in the afternoon with President Eduardo Frei, Energy Minister Alejandro Jadresic, and attend the closing ceremony of the first Chilean-Cuban joint commission for cooperation, which has been meeting in Santiago since yesterday. [end recording]

Cuba: Spain's Frutos Says Positive Relations To Continue

PA2807190196 Havana Radio Havana Cuba in Spanish 0000 GMT 25 Jul 96

[Report by Barbara Betancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] Just before leaving the island on Thursday, Francisco Frutos, secretary general of the Spanish Communist Party, gave a news conference in which he stated that relations between both countries will continue at a positive level in the future, despite the initial statements made by the president of the Spanish Government.

[Begin Frutos recording] Jose Maria Aznar's initial declarations, which were made when he accompanied [words indistinct] the U.S. vice president, have started to be toned down. It seems that relations with Cuba are returning to the levels at which they have historically been. This will occur regardless of whether or not an official feels an affinity, an empathy for Cuba, and is willing to defend Cuba.

I believe relations are returning to those levels. I have the impression that there will be economic and commercial relations in the near future, similar to the ones that have existed up to now. This is my impression. This will occur regardless of the differences that can arise in the political sphere.

Perhaps, the differences in the ideological sphere are greater currently. I must, however, recall that there have been specific differences with the previous government, the Spanish Socialist Workers Party. There are differences because they [not further identified] are always tempted to try to give great lessons to the people, to the countries, to get them to what is considered to be [words indistinct] with a very different reality, which is what has to be done. I believe the turnabout [words indistinct] was strongly debated at the Spanish Parliament. All the political forces participated in those debates.

[Words indistinct] does not seem that the sector in the Popular Party, which we could describe as more controlling or reactionary, will prevail in the immediate future. [end recording]

On another subject, Frutos reiterated the Spanish Communist Party's backing of Spanish businessmen who invest in Cuba and its rejection of the Helms-Burton law.

[Begin Frutos recording] We back all the initiatives furthered by Spanish businessmen in relation to investment wherever, whenever, and however they want, according to the laws of each country. This must be clear. Thus, explicit and concrete contacts have already been made to get backing, and proposals for a resolution have already been presented at the Spanish Parliament.

I must also report that the Leftist Union presented a resolution to the Spanish Parliament that stated:

1. We are against the Helms-Burton law because it is an aggression against the rights of the countries.

2. Each country has the independence, the sovereignty to do what it considers opportune.

3. Spanish interests in Cuba and elsewhere have to be defended. This was stated clearly. [end recording]

The Spanish Communist leader met with the highest-ranking Cuban officials during the week that he stayed in Havana. He also held meetings with Communist leaders on the island. According to what Francisco Frutos stated at the news conference, he goes back to his country satisfied because he expressed his support to Cuba at a time when it most needs it and strengthened

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the ties of his organization to the island's Communist Party.

Cuba: Foreign Companies Operate in Cienfuegos Free Zones

PA3107040896 Havana Cubavision Network in Spanish 0132 GMT 27 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] A group of foreign companies are already operating in the recently created free zones in our country. This is a report from Cienfuegos Province.

[Reporter Omar George] [Words indistinct] the free zones, the administrative concession of which Universal Stores, Inc. [Almacenes Universales], which specializes in storage and transportation services, aspires to obtain. The [word indistinct] petition corresponds to Mariel and (Guajay), located in Havana.

The so-called free zones are areas operating under a special system for the development of industrial, commercial, and service activities linked to exports and reexports. Their socioeconomic impact will contribute to promoting investments, creating jobs for a skilled labor force, and developing new industries. They offer many opportunities for participation in the Cuban business sector.

[Begin unidentified speaker recording] We have had many contacts, a large number of contacts with mostly foreign businessmen and with certain joint ventures and even Cuban enterprises, which are planning to begin operations in these free zones [words indistinct] industrial or commercial in Cuban free zones. [end recording]

[George] In our country, [words indistinct] the revolution. Latin America's second free zone has operated in Matanzas since 1938, and a free zone was then created in the former Isla de Pinos. In 1956, the Cienfuegos free zone was created, but it never operated as such. A curious tidbit: through a revolutionary government decree, the Matanzas and Isla de Pinos free zones were [word indistinct], but not this one, which still has this status for legal purposes.

Cuba: Castro Tours Factories, Airport in Holguin

PA3007144196 Havana Cubavision Network in Spanish 0000 GMT 28 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro visited the Heroes del 26 de Julio agricultural tools and machinery factory during its 15th anniversary celebration.

The 15 most outstanding workers since the factory opened received recognition certificates. Fidel also presented [words indistinct] a trophy to award this factory's production results — over 77,000 tools and machines for use in the agricultural sector.

The factory presented the commander in chief with a replica of the AB-3 M plower, in high demand nationwide.

[Begin Castro recording] I am satisfied with what you are achieving, and aware of the importance of your work. The value of what you are doing cannot be measured only by the amount of pesos earned, but by the effect your production has on the nation's economy. [end recording]

Castro, accompanied by Jorge Luis Sierra Cruz, party first secretary in Holguin, and other leaders, also visited the Mayabe beer factory. The factory supplies 95 percent of the beer consumed in the country under the labels Hatuey, Cristal, Bucanero, and Mayabe. Castro praised the beer's good quality, and the workers' technological and labor discipline.

In addition, Fidel toured the new Frank Pais International Airport, which can accommodate 600 arriving and departing passengers simultaneously. Airport Director Daniel Heredia explained the services provided by the terminal, which has already served over 20 flights. At a total cost of 12 million pesos, the terminal included another 17 construction projects to make it more functional.

Cuba: CTC's Leal, Others Discuss 'Special' Sugar Campaign

PA3107022596 Havana Radio Rebelde Network in Spanish 1155 GMT 30 Jul 96

[Sugar Club segment; from "Doing Radio" program]

[FBIS Summary] Anchorman Felix Fernando Garrido welcomes guest journalist (?Bijao Massou) and Pedro Ross Leal, Secretary General of the Cuban Workers Federation, CTC, and member of the Politburo of the Central Committee of the Communist Party of Cuba, to the program.

(?Massou) asks Ross Leal why the CTC has called for a special campaign that ends in September and Ross Leal responds: "The special campaign is related to the big planting effort that has to be furthered from now until September. All the sugarcane has to be planted by September so it can benefit from the October rains. The sugarcane that requires irrigation is planted in

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November and perhaps, some more planting can be done in Oriente in December and early January, because it rains there then. However, the big planting effort of the cold season must be finished by 30 September. We have set 13 September as the campaign's cutoff date because this is a very important date and all Cubans want to do something special to show our love for the commander in chief. I believe one of the things that would make him happy is that we make progress in this very important economic sector: sugar production. Truly, the sugarcane we will obtain in the next harvest, the sugar to be produced next year, is decided in this coming month of August and in September. What we do during these months will help us have more sugar. What we don't do will reduce our production possibilities. That is why we have called for this special campaign."

(?Massou) highlights the situation in the Pinar del Rio province sugarcane fields and talks to station journalist Cabrera Peinado and engineer Leonel Lopez, the Sugar Industry Ministry deputy delegate in Pinar del Rio. Cabrera highlights the problems confronted by the sugar sector in this province. He reports: "Approximately 500 sugarcane caballerias are infested with weeds. The Jose Marti and 30 Noviembre sections in San Cristobal are the ones in the worst conditions. In addition to adverse climate conditions, the delay in cleaning the sugarcane fields occurs because the regular work forces are not used effectively and because more than 5,000 workers are mobilized from other sectors of which approximately 1,000 have to travel to work every day. Also, workers do not receive adequate attention and do not work the entire day, and the May-July period, which is prime time in sugarcane growth, is not used intensively. These negative points will have an impact on our yields."

Engineer Lopez adds: "All this is correct. We have low labor productivity because the double work shift is not complied as is required. This is a very important point. Also, the commuting worker does not arrive at the fields on time and leaves work early. They do not comply with their eight hours of work. However, the workers who live in the area are more productive. They are more organized and receive more attention. Thus, they are more productive."

To this, Ross Leal says "I believe you have touched an important issue and one that is valid for rest of country. The workers, those who are mobilized and the ones who are stationed in the area, have to work in very difficult conditions and must be given special attention. This was one of terms mentioned by the CTC National Council when it called for this campaign."

(?Massou) then refers to the situation in the Camaguey fields and calls Valdivieso, the deputy agriculture director in this province. Valdivieso says 2,700 caballerias, that is 20 percent of the total sugarcane fields in the province, still remain to be weeded. He emphasizes that the workers are doing and will continue to do a good job, and reports that they cleaned 4,000 caballerias in July.

Finally, Ross Leal tells Valdivieso: "If a large-scale labor mobilization has to be made, the men and women who are directly involved in the sugarcane activity must be the first to be moved. They are the people who permanently work the sugarcane, whose livelihood depends on sugarcane production. They are the members of the UBPC'S (Basic Cooperative Production Unit), and the CPA (Agricultural-Livestock Cooperatives), the CCS (Service and Credit Cooperative) landowners, and all the people linked to the activity and who live off sugarcane production. There are 170,000 UBPC workers and we depend on them, mainly, to do all they can to plant more sugarcane so that we can have more sugar in the next season. As I told Cabrera, the men who are doing the job must be well attended. They are working under very harsh conditions. We hope that at the next meeting of this Sugar Club, to be held, hopefully, on Tuesday, 13 August, we will be able to assess the first phase of our campaign."

Cuba: Agriculture Mechanization Sector Meets in Havana

PA2807221196 Havana Radio Havana Cuba in Spanish 0000 GMT 24 Jul 96

[Report by German Ferrar; from the "Evening Information Review" newscast]

[FBIS Translated Text] The first national agriculture mechanization meeting [encuentro nacional de mecanizacion agropecuaria] has been ongoing in Havana for the past two days. The people attending the event are reviewing information related to this important economic sector. The meetings reveal that the agriculture mechanization sector has made great strides in Cuba despite the country's difficult economic conditions in past years.

Success is not based on the purchase of new transportation machinery, but in optimizing the use of existent equipment and correctly using machines that were considered obsolete but are still quite useful.

The first national agriculture mechanization meetings are also evidencing that our agriculture technicians and workers are involved in a broad range of tasks. Those individuals, using a great deal of imagination, have managed to increase the productivity and useful lives of

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many machines. In addition, the workers have created new technologies that are rendering good results in the Cuban fields.

Another point broached at the meetings was the recovery of many machines and transportation vehicles that stopped being used when the economic crisis began. Today, the equipment can be used again as they have not lost their effectiveness.

The transportation sector has been greatly praised at the meetings because it has known how to overcome the crisis, the Agriculture Ministry has obtained substantial profits from their work, and the techniques used by this sector have rendered optimum results.

The technicians have established the guidelines for the country's agriculture mechanization sector at these meetings. Many of the experiences they have presented are applicable to many other spheres in the national economy, taking the specific circumstances of each sector into account.

Cuba: Gas Regulator Factory Inaugurated in Holguin

PA280702[illegible]96 Havana Cubavision Network in Spanish 0000 GMT 26 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Commander Pedro Mire Prieto inaugurated Holguin's gas regulator [reguladores de gas] factory. This factory can supply 3,000 units per month. Estimates are that 550,000 units are needed in the country, most of which were prescribed by a doctor or are to be installed in new constructions. The factory's goal is to increase its production until it reaches 100,000 units per year.

With this regulator — totally manufactured by Cuba — the country can save half of the foreign currency it was spending on imports.

Cuba: AIDS Testing System Developed; AIDS Program Outlined

PA2807210996 Havana Radio Rebelde Network in Spanish 1155 GMT 26 Jul 96

[From the "Doing Radio" newscast]

[FBIS Translated Text] Cuba is placing emphasis on the National AIDS Prevention and Control Program, in spite of its economic limitations. However, in Latin America and the Caribbean the funds earmarked for fighting AIDS gradually decreased in the last few years.

At a time when the Pan-American Health Organization termed the AIDS funding cutback alarming, in Cuba the state spares no effort to benefit the National AIDS Prevention and Control Program and, particularly, to provide attention to HIV-positive patients.

Cuban experts have been able to develop an effective technology to test persons for HIV called Ultra Micro Analytical System [Sistema Ultra Micro Analitico — SUMA]. This system has been set up in over 60 laboratories and more than 16 million tests have been conducted to find the disease in its early stages.

Cuba has hospitals in nearly all provinces, where AIDS-stricken persons receive, free of charge, high-level specialized medical attention and a supply of food.

Cuba: CHTV Inaugurates New Headquarters

PA2807213296 Havana Cubavision Network in Spanish 0000 GMT 25 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Even as I speak, the new headquarters of CHTV — Havana City Television — is being inaugurated. A team from this newscast recorded some of the details regarding the set up and some tests that took place.

[Begin recording] [Correspondent Norma del Rio] As of [word indistinct] August, CHTV will broadcast from this studio located at P 23. The station's young workers have before them a new challenge: to obtain improved results, which will serve to enrich the information they broadcast to the Havana area.

[First unidentified speaker] I think that with better conditions we should make better journalism. Before, we faced a difficult situation and we tried to make good journalism, for the capital and for the rest of the country.

[Second unidentified speaker] The truth is that this was a dream that all the workers of CHTV had because up to now we had been working under very difficult conditions. I think that from now on we will be able to work much better, especially at a time when the province strives to host the 26 July ceremony next year.

[Third unidentified speaker] This is a new challenge for journalists. We are trying to take to our viewers — especially in the capital — the reality in which they live and they generate themselves, here in Havana City.

[Rio] CHTV is the youngest of the eight regional television stations that exist in the country. The workers' professional quality is guaranteed not only by their in depth and focused reports, but also by the awards they have obtained in several journalism contests. [end recording]

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Cuba: Maintenance Completed at Mario Fortuney Gas Plant

PA2807223396 Havana Radio Rebelde Network in Spanish 1155 GMT 22 Jul 96

[From the "Doing Radio" program]

[FBIS Translated Text] This week, the Mario Fortuney Gas Plant is devoting efforts to stabilizing manufactured gas supplies to the population, once major maintenance work is completed on one of its production lines. The maintenance work was carried out on section two, which has a production capacity of 220,000 cubic meters per day.

Yesterday, the warming process was initiated and today the generation of the volatile product will be increased, thus reaching maximum capacity during the next few hours.

The repairs lasted 24 days, however, the plant's maintenance workers and manufactured gas enterprise workers wanted to salute the anniversary of the assault on the Moncada Barracks by decreasing the repair period by nine days. By starting production sooner than anticipated, it could mean the extra production of approximately 3 million cubic meters of gas.

The maintenance work carried out on line two sustains the work that is being done to guarantee a better service to the population of the capital during these summer months, when many workers and all students are enjoying their vacations.

Cuba: Roundup of Sugarcane Developments Through 28 Jul

PA2907033996

[FBIS Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 28 July.

The Las Tunas workers have weeded more than 2,400 caballerias dedicated to sugarcane. This represents 63 percent of the goal set for the month. There are 826 caballerias still to be weeded. Forty-seven caballerias of the winter program have already been planted with sugarcane. (Havana Radio Rebelde Network in Spanish 1700 GMT 22 Jul 96)

Throughout the country there are more than 13,000 caballerias of land dedicated to sugarcane growing that still have weeds. Experts believe this is due to lack of personnel and to mobilization of workers that did not correspond to actual needs. The Pinar del Rio Province, with 19 percent of the sugarcane land still needing weeding, is behind in the weeding program. Twenty percent of Camaguey's sugarcane fields still need weeding. (Havana Cubavision Network in Spanish 0000 GMT 28 Jul 96)

Cuba: Telephone Lines Predicted To Double in 7 Years

PA2907042596 Havana Radio Rebelde Network in Spanish 1700 GMT 26 Jul 96

[FBIS Translated Text] Experts have predicted that the Cuban opening of the communications field will make possible the increase of the country's telephone lines from 500,000 to more than 1 million. The goal of the expansion plan is to have an average of 20 telephones for every 100 citizens in Havana and 10 telephones for every 100 citizens in the country's interior.

Cuba: Defense Structures in Holguin Province Toured

PA3007032196 Havana Cubavision Network in Spanish 0000 GMT 25 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Holguin Province has a entire territorial defense structure. The province is home to many powerful military units which have contributed greatly to the Eastern Army being considered the best in the country. I invite you to tour three important units.

This is a exploration and special forces battalion. These troops are trained to confront the enemy behind the front lines. They are trained to overcome any obstacle, climb, personal defense, and to camouflage themselves according to the type of terrain.

An enemy seeking water. [sentence as heard]

This battalion has attained the Revolutionary Armed Forces [FAR] vanguard title nine consecutive times.

Next, we visit a Sapper Engineer Regiment. Its mission during wartime is to create obstacles for enemy troops and clear the way for ours. This regiment is one of the best in the country.

Finally, we see the Eastern Brigade of the Antiaircraft Defense and Revolutionary Air Force. One of its units is in charge of repairing MiGs, and all its many systems. During the Soviet era, the equipment was sent away for mayor repairs. Today, this unit undertakes all repairs, from the simplest to the most complex.

[Begin unidentified speaker recording] This is being repaired for the first time in the country, the cost of this equipment in the international market is $250,000. [end recording]

For four consecutive years this unit has attained the title of best of its kind in the FAR.

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Undoubtedly, productive and defense activities continue to harmoniously develop in this region, and according to many, discipline is one of the best weapons to attain victory on both fronts.

Cuba: Shortage of Materials Slows Down Construction Work

PA3007032396 Havana Cubavision Network in Spanish 0000 GMT 21 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Havana City construction workers continue to finish construction jobs, as their salute to 26 July. The construction workers from the micro brigade in Plaza de la Revolution Municipality will complete over 180 housing units.

[Begin recording] [Correspondent Freida Garcia] These buildings are being completed during the first six months of this year and this surpasses the 179 housing units that were completed during all of 1995. Among the buildings that will be completed is an apartment building with 20 apartments in the Fanguito neighborhood. The apartments will be handed over to the neighbors, thus improving their living conditions.

[Unidentified first speaker] Personally, I feel real good and so do the rest of the comrades here. We have been given the opportunity to build our own apartments and have an adequate home.

[Garcia] Most of the construction jobs to be completed by 26 July, were halted due to the lack of construction materials, but today, due to the sector's recovery, they can be completed.

What are you doing in the Fanguito neighborhood?

[Unidentified second speaker] There were five buildings under construction in the Fanguito neighborhood that, due to the special period, were halted. We could not advance. On 26 July we will complete the first building.

[Garcia] The strategy that was adopted during the last five years allowed the construction workers to stay right at the job sites, helping wherever needed. However, they maintained the buildings so they could complete them whenever the materials where available.

[Unidentified third speaker] The materials we need are hydraulic tools, galvanized [words indistinct] which is hurting us very much due to these difficulties. We also need bathroom supplies such as bathtubs and toilets. [end recording]

Cuba: Construction Projects Completed in Santiago de Cuba

PA3007115896 Havana Cubavision Network in Spanish 0000 GMT 25 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Nearly 400 social, economic and scientific construction projects were completed in Santiago de Cuba Province, to honor the 43d anniversary of the assault on the Moncada Barracks.

[Begin correspondent Maria del Carmen Diaz recording] The 2,500 houses built, as a salute to the 26 July, deserve a special mention. For this province this represents a historic record number of houses built in only seven months of work. A symbol of this achievement was a 24-apartment building which was completed today in the Jose Marti district. This was an economic project carried out by (Ecoa 21). The building is the seventh of its type and comes to benefit the neighbors of the nearby San Pedrito neighborhood, the city's biggest slum. The micro brigades that did the construction work are precisely from that area.

In a ceremony, presided by Minister of Construction Juan Mario Junco, Juan Carlos Robinson, first secretary of the party in the province, stated that this is the best homage to the heroes and martyrs of the assault on the Moncada Barracks. Survivors of that epic feat are Lester Rodriguez and Pedro Trigo, who honored us with their presence.

In this effort dedicated to the 26 of July by the people of Santiago, we could not fail to mention the feats accomplished by the Heroes del Moncada Contingent. On this occasion they received the outstanding work achievement banner, for the third consecutive year, from Pedro Ross Leal, general secretary of the Cuban Workers Federation. On this occasion, the contingent has given Santiago de Cuba two new buildings, a Panamericana chain store and El Rapido Cafeteria, both of which add to the improvement of our recovering economy.

These are only some examples of the nearly 400 construction projects, of an economic and social nature, with which the province salutes the Moncada anniversary. [end recording]

Cuba: Aqueduct Project To Benefit Sancti Spiritus

PA3007141696 Havana Radio Rebelde Network in Spanish 1700 GMT 29 Jul 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Over 10,000 Sancti Spiritus residents will benefit from the completion of 12 aqueduct

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lines as a result of cooperation between UNICEF and Cuba. The aqueduct lines will serve communities in seven of eight provincial municipalities that until now were serviced by water trucks. The lines are part of the largest project undertaken in the province to improve the water supply to rural towns, and includes a total of 26 installations slated for completion by the end of September. The progress achieved in the construction of pending aqueducts in many cases includes partial solutions for providing water to those settlements.

Cuba: Economic Contribution of Basic Industry Viewed

PA3107014696 Havana Radio Havana Cuba in Spanish 0000 GMT 30 Jul 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The TRABAJADORES weekly reported Monday that the basic industry sector made a significant contribution to the economic recovery during the first six months of the year. The production of nickel, cobalt, oil, liquid and manufactured gas, and the generation of electricity all reported improved levels.

The weekly stressed that 751,200 metric tons of crude were produced during that period, an amount which helped to generate 25 percent of the country's electricity and produce the country's total cement output. It added that 17 basic industries have fulfilled their production plans.

Vicente Llano, vice minister of basic industry [title as heard], has indicated that 96 percent of the trade plan was completed during the first half of the year. This represents a 21-percent improvement over the same period of last year and comes as the modernization of basic industry is being pursued.

Llano has stated that joint-ventures with foreign companies are sailing along normally. These joint-ventures have provided the needed financial resources to operate public industries and carry out repairs and maintenance work to plants that generate electricity. This will make it possible to attain a 70 percent electricity generation-rate by 1998.

Cuba: Roundup of Economic Developments Through 29 Jul

PA3107023596

[FBIS Report] The following is a compilation of reports on economic developments in Cuba monitored through 29 July.

The Martinez Tamayo Brothers Contingent, which is a construction group of 1,736 workers, has built works worth more than 12 million pesos thus far this year. This contingent is in charge of building the Camariocas nickel plant and it has surpassed by 16 percent the production goal for the first half of this year. This group also has to repair the Moa port facilities as well as the Pedro Soto Alba and Ernesto Che Guevara nickel plants. (Havana Cubavision Network in Spanish 0000 GMT 21 Jul 96)

In Havana, the Convention Palace Hotel has been under construction for one year and two months. This four-star hotel will have five floors, 180 rooms, a pool, a restaurant, two convention halls, and a protocol room. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 22 Jul 96)

Coffee harvest began in Santiago de Cuba Province. An increase of 20 percent is expected in comparison to last year's harvest. The estimated goal is to produce more than 2.5 million cans of coffee. (Havana Radio Rebelde Network in Spanish 1700 GMT 22 Jul 96)

Bilateral trade between Cuba and Brazil increased to $150 million during the first half of this year. The president of the Brazilian-Cuban Chamber of Commerce said 35 Brazilian companies are operating in Cuba. (Havana Radio Havana Cuba in Spanish 0000 GMT 23 Jul 96)

Farmers from Santiago de Cuba harvested more than 1 million quintals of tubers, vegetables, and grains to honor the 43d anniversary of the attack on the Moncada Barracks. (Havana Radio Havana Cuba in Spanish 0000 GMT 23 Jul 96)

In Ciego de Avila Province, the Maximo Gomez gypsum mine produced nearly 34,000 metric tons, a surplus of 12 percent over its goal for the first half of this year. (Havana Radio Havana Cuba in Spanish 0000 GMT 23 Jul 96)

Raul Taladrid, Cuban vice minister of foreign investment and economic cooperation, and David Gibson, Belizean Foreign Ministry permanent secretary, signed an agreement for technical and economic cooperation, according to a 24 July report datelined Havana. Gibson and Cuban Vice Foreign Minister Isabel Allende also signed an agreement to fight drug trafficking. (Havana PRENSA LATINA in Spanish 1915 GMT 24 Jul 96)

During the first half of this year, more than 1,200 homes were built in Holguin Province by enterprises of the Sugar Industry and Agriculture Ministries. (Havana Radio Havana Cuba in Spanish 0000 GMT 24 Jul 96)

Jorge Luis Sierra, first provincial secretary of the Communist Party of Cuba in Holguin Province, reported that this province's nickel and cobalt plants in Moa Municipality achieved a production of more than 27,000

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metric tons at the end of the first half of this year. Sugar industry increased by 38 percent. The GDP rose by 9.3 percent. State, joint, and cooperative enterprises contributed 686 million pesos out of a total 945 million. (Havana Radio Havana Cuba in Spanish 0000 GMT 26 Jul 96)

The Fishing Industry Ministry urged the Casilda fishing center in Trinidad in Sancti Spiritus Province to increase efforts in order to meet international demand for lobster. The goal is to reach 700 metric tons this year although it is expected that 800 metric tons will be obtained. (Havana Cubavision Network in Spanish 0000 GMT 27 Jul 96)

Since last January, workers in Las Tunas Province have built approximately 1,490 homes, 52 percent of the estimated and 39 more homes than in the previous period. The Sugar Industry and Agriculture Ministries have taken the lead building more than 1,000 homes. (Havana Radio Rebelde Network in Spanish 1155 GMT 27 Jul 96)

In Havana City, the Raul Roa Garcia Contingent has finished more than 40 homes during this year. The objective is to build 10,000 homes in Havana City. An innovation that brings savings of more than $3,000. This contingent is also doing construction work at the airport. (Havana Cubavision Network in Spanish 0000 GMT 29 Jul 96)

On 29 July, TRABAJADORES weekly underscored that the national basic industry contributed to the recovery of the Cuban economy during the first half of this year. Achievements were made in the nickel and cobalt, oil extraction, liquid propane gas, and electric power sectors. During this period, 751,200 metric tons of crude were produced, which allowed the generation of 25 percent of the country's electric power and the entire cement production. As a whole, 17 sectors in the basic industry will meet their objectives. Basic Industry Vice Minister Vicente Llano said that 96 percent of the commercial program for this period was achieved, a growth of 21 percent of growth in comparison to the same period last year. Association with foreign companies has allowed the necessary financing this national industry and the repairs and maintenance of electric plants. This will allow the generation of 70 percent of electric power in 1998. (Havana Radio Havana Cuba in Spanish 1300 GMT 29 Jul 96)

Haiti

Haiti: Arrival of U.S. Soldiers Called 'Third Landing'

PA3107000196 Port-au-Prince Radio Vision 2000 in French 1030 GMT 30 Jul 96

[From the "Info Vision" newscast; passages within slantlines in Creole]

[FBIS Translated Text] More reactions on the arrival in Haiti last week of the U.S. military: The entire political class condemns this landing of new foreign soldiers. Ben Dupuy is hostile to it, and Hubert De Ronceray has enjoined the government to govern. The following is a report by Benito Emeran.

[Begin recording] [Emeran] The third landing of the U.S. military in Haiti on 24 July caused new reactions from the Haitian political class.

Mobilization for National Development [MDN] leader Hubert De Ronceray views the foreign occupation and proposes several hypotheses to explain the U.S. presence in Haiti. According to De Ronceray, the multinational force that landed in September 1994 has failed in its mission. He says if the environment was safe and stable, as the Americans wanted it to be, there would not be a third landing 22 months later. The MDN leader asserted that the weakening of Haitian defense institutions has compelled the government to ask foreign forces to ensure the security of the country. Nevertheless, Hubert De Ronceray has called on the patriotic sense of officials to get the country out of its deadlock.

[De Ronceray] /First, we are an occupied country. We have destroyed all the security and defense institutions we had. So, we are now reduced to asking foreigners to ensure our safety at all times.

We will always be in a shameful situation, as long as new moral and intellectual values and new energies do not arise in new people who have dignity and sovereignty and who can decide the fate of the country. However, once that true nationalistic respect for sovereignty and so on reappears — it must reappear because the country has not died — the sun will rise from the west./

[Emeran] For his part, Ben Dupuy, spokesman for the National People's Assembly [APN], says he is hostile to the presence of foreign military on Haitian soil. In his opinion, that does not solve the insecurity problem at all. Ben Dupuy says this Lavalas government can no longer rely on the Haitian people to solve the country's problems. Therefore, they have called on foreign forces to colonize Haiti again, the APN spokesman explained.

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[Dupuy] /As Lavalas cannot rely on the Haitian people to solve the country's problems, it is obliged to resort to foreign forces, and they have only one thing in their head, that is to implement the neo-liberal plan, the plan aimed at making the country not only an occupied country but virtually a recolonized country./

[Emeran] Senator Lamour Garcon worries about the continuous presence of foreign forces. According to him, the country is a long way from getting out of the foreign hold. Let us listen to Sen. Garcon at the microphone of Marc Sony Jean-Baptiste:

[Garcon] /Today, we feel that there is another occupation on the sly, an occupation that is being made without speech. You will see that you have been presented with a fait accompli. So, you feel that there is something else that is being done on the sly. Well, we are occupied, and I feel that instead of leaving behind the occupation we are becoming more and more occupied as time goes by./

[Emeran] This is the third foreign occupation of the country since its independence. The first one took place on 28 July 1915. Some political leaders are wondering when Haiti will really be sovereign. [end recording]

Haiti: Survey Reveals Most Citizens Favor Privatization

PA3107031496 Port-au-Prince Signal FM Radio in Creole 1130 GMT 29 Jul 96

[From the "0730 Appointment" newscast]

[FBIS Translated Text] A survey has revealed that the majority of Haitians agree with the implementation of the privatization program for state-owned enterprises. The survey was carried out in about seven major Haitian cities.

The results of this survey on one of the points of the government's structural adjustment program, that is the privatization of state-owned enterprises, will officially be published this week. A private firm conducted the survey between 19 and 28 July in seven of the nine biggest cities in Haiti; 520 people were questioned. There is a margin of error of at least [as heard] 5 percent.

The survey reveals that the majority of the population living in these cities favor the privatization of state-owned enterprises. This study was done by a team of six investigators from the firm Economy, Society, and Finance, ECONOSOF.

As we just told you, the results will officially be published this week. The results of the survey have revealed that 41.31 percent of Haitians living in these cities agree with privatization, and 16.79 percent disagree. Those who are undecided represent 15.25 percent, and those with no opinion represent 23.16 percent throughout these seven cities.

A percentage of 90.73 of the persons who were interviewed on the phone or in the field have already heard about privatization and 9.03 percent say they are not aware. The strongest tendency in favor of privatization was identified in Jacmel, where 63.3 percent of the interviewees said they favor privatization while 13 percent said they disagree. Unlike Jacmel, Cap-Haitien is the city where the fewest number of people say they favor privatization. In this city, 2 percent of the people said they agree, 13.2 percent said they disagree, and 43.4 percent of the people in Cap-Haitien said they do not have opinions about privatization.

In the metropolitan area of Port-au-Prince, excepting the shantytowns, 45.9 percent of the persons to whom questions were asked said they favor privatization, 18.3 percent are against, and a total of 36.59 percent of the people do not have opinions and are neither for nor against.

Of a total of 147 people who were asked questions in five shantytowns in the capital, including Cite Soleil, 29.25 percent think privatization is good for the country, 19.72 percent disagree with the project, and between 17 and 21.76 percent do not have opinions and cannot choose between yes and no. A percentage of 85 percent of the people living in these shantytowns said they had heard about privatization, while 15 percent said they had no information on this subject. The results of the ECOSOF survey will officially be published this week.

That is it: The majority of Haitians share the idea of privatizing the state-owned enterprises in Haiti, according to this survey that took place in seven of the major Haitian cities and that we just listened to.

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Mexico: Note on Foreign Operations Bill Sent to U.S.

PA3107052396 Mexico City XEW Television Network in Spanish 0330 GMT 31 Jul 96

[From the "24 Hours" newscast]

[FBIS Translated Text] [Announcer Jacobo Zabludovsky] On 30 July, Mexico categorically condemned and forwarded a diplomatic note to the U.S. Government rejecting the amendment to the bill on foreign operations, because this bill puts conditions to the cooperation in the fight against drug trafficking. [sentence as heard] Republican Senator Pete Domenici presented the amendment, and the U.S. Senate approved it. According to the Foreign Relations Secretariat, Senator Domenici presented a number of lies and errors to Congress, completely distorting Mexico's efforts against drug trafficking.

While this was taking place, the Washington government acknowledged Mexico's efforts in the fight against drug trafficking at a meeting by the Contact Group [Grupo de Contacto].

[Reporter Annette Lopez Munoz] The Mexican and U.S. delegations on 30 July met at the White House to hold a session by the high-level Contact Group on cooperation against drug trafficking. This meeting took place amid a hostile environment for many people in Congress who do not believe at all that Mexico is really making efforts to confront drug trafficking.

A front-page article published in THE WASHINGTON POST citing former federal agent Ricardo Cordero added fuel to the fire. Cordero accused the Attorney General's Office of being corrupt. The attorney general answered our questions:

[Begin Attorney General Antonio Lozano recording] The fact that an individual who is precisely involved in criminal activities is being given such emphasis, as he has indeed being given, is very regrettable. This person was dismissed for being corrupt. We have repeatedly said that there is a problem with corruption. We cannot hide this, and I believe that we must not do so. However, we have also talked about the measures we are taking to tackle this problem head-on. For me, a top authority, it is important to honestly and clearly talk to Mexican society. So, from this standpoint, we are telling you that we indeed have serious problems with this matter and that we are confronting it with what seems to us to be the best formula to confront it; that is, with institutional measures. [end recording]

Hours before, in a U.S. Senate committee, such voices as Pete Domenici, Phil Gramm, Alfonse D'Amato argued that the border is becoming an area of corruption and violence, where drug cartels reign.

Senator D'Amato said cooperation between Mexico and the United States is practically nil until Mexico grants more extraditions. He stressed that extraditions are a minimum sign of cooperation.

Nevertheless the State Department fully defended the cooperation between Mexico and the United States in the struggle against drug trafficking and said that Mexico has recently extradited 11 people, four of them drug traffickers.

Mexican Foreign Secretary Jose Angel Gurria explained Mexico's position:

[Begin Gurria recording] In 1996, Mexico and the United States exchanged individuals who have been extradited for a variety of reasons, including drug trafficking. Cooperation on this topic and others is developing very satisfactorily. Both countries share the fundamental goal of fighting impunity. [end recording]

The meetings between the Mexican and the U.S. delegation will continue here in the White House until Wednesday. It is very important for the Mexican delegation, especially now, to leave on record that cooperation between the United States and Mexico is valid, especially for a Congress that is critical of this cooperation.

Mexico: Senate Commission President Cited on Antidote Bill

PA3007162496 Mexico City EL FINANCIERO in Spanish 26 Jul 96 p 1

[Report by Leticia Rodriguez, Salvador Rico, Carlos Benavides, and Victor Chavez — received via Internet]

[FBIS Translated Text] It is indispensable for Mexico to have an antidote bill that counters the effects of the Helms-Burton law and that enables the government to limit the entry in our country of officials and businessmen who, impacting on local companies, have benefited from extraterritorial, foreign laws.

Fernando Solana Morales, president of the Senate Foreign Relations Commission, has said the antidote bill will be discussed in the coming special period of congressional sessions and, in this case, be approved because Mexico can wait no longer.

The implementation of Title III of the Helms-Burton law would cost Mexican investors (private and public) who conduct business with Cuba approximately $700 million.

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During a working visit to Sinaloa, President Ernesto Zedillo has said the Mexican Government will continue using all available means to avert intolerable abuses that are entirely inconsistent with free trade practices.

Meanwhile, the former Foreign Relations secretary has said the Political Affairs Commission of the Latin American Parliament (Parlatino), formed by 22 countries from Latin America and the Caribbean, will propose that antidote laws against the Helms-Burton law be drafted in each of the member nations.

He has said the Mexican antidote bill should include the following points: 1. Mexican companies shall be barred from disclosing information to foreign governments when this information is requested to comply with foreign extraterritorial laws and 2. The implementation of foreign laws with extraterritorial intents shall be prohibited. Solana added that for our country to be able to take firm measures, it needs a law that gives certainty and effectiveness to any action designed to protect those who conduct business with Cuba. In addition, such a law would constitute a breakthrough in international law.

Solana said this new law should bar the Mexican judicial system from accepting juridical decisions from other countries based on laws with supranational designs. In addition, there are other means of various types that can be implemented so in the future [words indistinct] those Mexican companies whose interests are affected by foreign laws will be able to file charges in Mexico against those who harmed them and will be compensated for their losses.

Interviewed after inaugurating the works of three Parlatino commissions, Solana said economic sanctions should be considered against those who violate Mexican laws.

It is not possible for the congress of any country, regardless of its importance, to attempt to enact laws for the entire world, hence, the importance of having an antidote law that will immediately enable the Mexican Government to act seriously and firmly within its own legal framework.

Fernando Ortiz Arana, president of the Senate Grand Commission, has proposed categorically Latin American unity against the implementation of the Helms-Burton law.

To Parlatino representatives who have visited the headquarters of the Mexican Senate, Ortiz Arana has explained that the Latin American nations must join wills to protect their sovereignty and independence.

The congressional coordinator has said it is indispensable to keep inviolable the principles of self-determination and nonintervention of peoples.

Ortiz Arana has argued that Latin America faces challenges in the wake of the intense economic exchange and that the globalization trend has triggered very serious problems for our societies such as migration, the fight against drug trafficking, and the preservation of the environment.

He has said these circumstances have forced our nations to explore new, more effective channels and forms of understanding, communication, and cooperation.

Concerning Parlatino, he has said it is the forum to express, to hold dialogues, and to defend the sovereignty of the countries of the region, in addition to being an organization that promotes points of convergence among the legislators of the hemisphere.

Ortiz Arana also has mentioned congressmen's responsibility to contribute to finding new forms of rapport and efficiency regarding cooperation.

Ortiz Arana has expressed his confidence that the works by the Latin American legislators will strengthen Parlatino's objectives, because Latin American congresses "are being given an excellent opportunity to find better formulas to strengthen the ties among our countries through a sense of unity."

PRI [Institutional Revolutionary Party] Deputy Carlos Reta, president of Parlatino's Political Affairs Commission, also has attended the meeting held at the Senate headquarters.

Reta has said the topics of Latin American unity, the scope of the Helms-Burton law, as well as the antidote laws that might be drafted in each country were discussed during the first hours of work by this organization. Reta also has revealed that the participants have planned to discuss the fight against drug trafficking and corruption in Latin America.

Cuauhtemoc Cardenas, secretary of the Foreign Relations Commission of the Chamber of Deputies, has said the antidote bill will include four basic points. In addition to protecting the interests of Mexicans who invest in Cuba, this legislation is considering the revocation of the visas of U.S. nationals who file suits against Mexican nationals in U.S. courts.

Meanwhile, the Indigenous Peoples Parliament of America, constituted by 18 nations of the region, also have condemned the Helms-Burton law and has urged the governments of the area to ask the International Court of Justice at The Hague to issue a pronouncement.

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In a pronouncement issued within the regional legislative organization, Roberto Pedraza Martinez, its president, has said the law promoted by the United States violates international law because of its extraterritorial and supranational effects.

Mexico: Zedillo Remarks on Electoral Reform Agreements

PA3007140396 Mexico City XEW Television Network in Spanish 0330 GMT 26 Jul 96

[Interview with President Ernesto Zedillo by Jacobo Zabludovsky at the National Palace in Mexico City; date not given from the "24 Hours" newscast — recorded]

[FBIS Translated Text] [Zabludovsky] A few minutes ago, we witnessed the conclusion of a long effort for which, we all know, you have worked very hard; that is, Mexico's political transformation. Could you tell us the general details of the agreements signed tonight and the meaning of this action for Mexico?

[Zedillo] Since the day I took office, I made a commitment to all Mexicans that I would devote my efforts to implement what we have dubbed a definitive, electoral reform intended to resolve many of those points that some people believe were still pending.

Following an arduous endeavor that lasted one and a half years, we reached basic agreements with the leaders of the national, political parties and the coordinators of the parliamentary blocs represented in the Mexican Congress to submit an electoral reform bill establishing the basis and principles of this definitive electoral reform. This reform deals with such aspects as equity in electoral competition, autonomy of the electoral organizations, representativeness in the congressional chambers, and various topics linked to electoral justice. This fundamental point deals with the political reform of the federal district. In addition, since the beginning of my administration, I proposed to the political parties and the people that we should consider electing the Federal District head of government by direct vote. Based on this proposal and the initiatives submitted by the parties themselves, we have now outlined a number of principles and goals that have been included in this constitutional reform bill and will give a genuine, democratic government to the people of the Federal District.

[Zabludovsky] Porfirio Munoz Ledo gave a speech a few minutes ago and hinted at the possibility that the new Congress, elected in keeping with Mexico's new electoral laws and the new political laws, might reach the extreme of calling for a new constitution. What is your view in this regard?

[Zedillo] That is strictly his point of view. This topic was not discussed during the long negotiations we have conducted, but Munoz Ledo is entitled to voice his opinion. I believe the next Congress will have all the freedom granted by the Constitution of the Republic to begin legal actions in keeping with the Constitutional terms per se. We must stress that Munoz Ledo's statement strictly reflects his opinion and not a general opinion on something discussed during these negotiations.

[Zabludovsky] You just mentioned the word equity. You have used this word on other occasions to refer to the need to have equity in the electoral process in Mexico. Could you tell me what the meaning of this word is ?

[Zedillo] Equity is a demand, something which does not exist in our country in the sense that there are no fair conditions for those who participate in our elections, in any contest, to compete among themselves. There is the assumption that the rules have deliberately favored a certain, political party. Through this reform, we all are proposing a number of principles to adjust the conditions that will be available to every political party so the competition will be truly fair, but this reform accepts that there is a universal principle that is valid in all countries; that is, those parties with the largest number of supporters have certain prerogatives and rights, and their resources will surpass those of the other parties as a result. Through this reform, we have introduced deliberate mechanisms to regulate and offset any [word indistinct] disadvantage.

[Zabludovsky] Democratic mechanisms and laws always can be perfected, but in this instance, you fulfilled one of your promises before reaching your second year in office: to make fundamental progress on the path toward democracy in Mexico. What comes next?

[Zedillo] I have talked about an ample process of state reforms, of which this electoral reform, which we expect will be completed soon, is only a part. I also have spoken about a better balance between the government branches, and we have promoted major reforms to strengthen the judicial branch. I have submitted a constitutional reform bill to create a higher comptroller's office of the federation in Congress that would certainly strengthen this institution. In addition, I have been willing to listen to and learn about any initiative that strengthens congressional functions.

A fundamental topic on the government's agenda deals with the new federalism. Some time ago, we began working with the governors of the state, the appropriate authority in these matters, and as a result, we have begun a very profound decentralization of functions, resources, and responsibilities from the federal government toward

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the state and municipal governments. This instance demonstrates that the agenda of reforms is quite ample and constitutes a major step, but additional steps will certainly be taken to successfully implement this state reform.

[Zabludovsky] You have had a special role throughout this long, arduous process to reconcile the interests and viewpoints of the four political parties represented in Congress. I believe this leads to one of the most important aspects of these intended reforms; that is, to hear out everyone, to give everyone the appropriate importance, above all, to avoid falling into a bipartisanism in Mexico. Now, based on these reforms, we see that parties that have fewer members could, nevertheless, have a more equitable representation in Congress.

[Zedillo] That is right. I believe there is a point I must emphasize here. In my opinion, it is the great value of this reform: consensus. I have said since the beginning that we would seek, strive for, a reform based on a consensus. Some have said we made a mistake by openly saying we would seek a consensus. It was believed that this would make us hostages of a necessarily difficult and perhaps impossible negotiation process, because we had established this as a basic government goal.

I believe it has been proved that the achievement of this consensus has been possible thanks to the will of the parties. I can say that, in addition to the legal attributes of this reform, it has an enormous political value, the political value of a consensus. Consensus in this reform means that all have contributed, but it also means we all are pledging to abide by the legal system that will emerge from this reform. I believe this is the great step, the great progress this reform will give us.

In the past we had important, electoral reforms. Some of them were very good, technically speaking, with a clear progress for the country's democracy, but they always were questioned by someone, so the legitimacy of the electoral system also was questioned. We are now proposing and achieving a reform based on consensus. I repeat, this means it involved contributions from everyone, but it also means that everyone, not only the government, not only a party or two, is committed to abide by the legal system that will emerge from this reform.

[Zabludovsky] What about those who are not in a political party, for example, the groups that have resorted to violence to defend their viewpoints? How can they legally make those viewpoints prevail?

[Zedillo] Even some of those groups have stated they advocate a political solution. They have said they advocate a democratic way to make their demands, rights, and claims prevail. I feel quite confident this reform will encourage them to persevere in this concern. I am certain their opportunities of participating in the country's political activity will significantly increase based on the strengthening of our party system, which must and will give us this reform.

[Zabludovsky] Would you like to add anything else?

[Zedillo] I want to state my satisfaction with this step. It is one of many steps Mexicans must take to strengthen our democratic system. I want to state my wholehearted recognition of the leaders of the national, political parties, the coordinators of these parties' parliamentary groups, for their determination, commitment, and work and for having respected the general interest over their private, partisan interests in critical times. I believe this deserves recognition not only from the president of the republic but from all Mexicans.

Mexico: Government Secretary Explains Electoral Reform

PA3007154496 Mexico City NOTIMEX in Spanish 0420 GMT 26 Jul 96

[FBIS Translated Text] Mexico City, 25 Jul (NOTIMEX) — Government Secretary Emilio Chuayfett disclosed today the main topics included in the proposed constitutional changes to the electoral reform.

In the reception room of the National Palace, in the presence of President Ernesto Zedillo, Chuayfett affirmed the administration's commitment to democracy.

Chuayfett said "this act demonstrates that the political parties have responsibly and maturely reached a general agreement that responds not only to their personal, legitimate interests but to the interests of the nation."

In this context, Chuayffet said "an overwhelming majority of Mexicans believes we shall move ahead with good intentions and efficient actions."

"We affirm today, in a feat unequalled in our history, that an overwhelming majority of Mexicans supports President Zedillo in wanting to change Mexico so our children will inherit a strong country filled with opportunities," Chuayffet said.

In the presence of congressional leaders and coordinators of the Institutional Revolutionary Party (PRI), National Action Party (PAN), Party of the Democratic Revolution (PRD), and the Labor Party (PT), Chuayffet recalled that President Zedillo had noted that Mexico needed a reform based on a general agreement.

In addition, in the presence of citizen counselors of the Federal Electoral Institute (IFE) and invited guests,

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Chuayffet said that President Zedillo said when he took office: "Mexico needs a reform based on a general, political agreement to remove the suspicions, recriminations, and mistrust tarnishing the electoral process."

Chuayffet added that the president said that to carry out this reform, "we must be willing to address every issue, including the financing of political parties, putting a cap on campaign spending, equal access to the media, and complete autonomy for electoral organizations."

Chuayffet recalled that the president said during his inauguration that electoral democracy should cease being the center of political debate and a cause for hatred and division.

"For the first time in Mexican history today, almost 19 months since that proposal, leaders of the congressional groups of political parties represented in the honorable Congress of the Union will sign, with the president, a proposal that includes the constitutional changes toward political reforms," Chuayffet said.

Chuayffet said that having achieved the most extensive agreement possible, there is a firm basis to state that the electoral reforms will be definitive, because they strive to instill full confidence in our electoral process.

Chuayfett also thanked the political parties, congressional coordinators, and the Federal District authorities for the dedication, creativity, and patriotism employed in shaping the proposal.

"All the issues referred to by President Zedillo during his inaugural speech have been addressed. Significant agreements and definite progress have been made on all issues," but he said that task was still unfinished, because "we are committed to work on a legal reforms proposal that consequently must follow the constitutional reforms" if the proposal is approved.

Thereafter, those individuals who have been commissioned must proceed to name election officials so norms and institutions renewed and invigorated by the agreement will promote the strengthening of democracy on 1 November, when the electoral process officially begins.

Chuayffet said that regarding citizens' rights and obligations, the reform introduces a strictly individual adherence to political parties, and Mexican citizens living in foreign countries are given the right to vote, as determined by the law.

Chuayffet mentioned that the executive branch will be unable to interfere in the creation of IFE and that the government secretary no longer will belong to the IFE or preside over the IFE General Council.

Chuayffet announced that the number of legislative branch advisers in the General Council will be increased and that they will have no vote although these officials will have a voice to participate in the council. Thus, legislators from all congressional groups will be represented.

He said the IFE General Council will consist of eight electoral advisers (currently citizens) who, along with the president of the organization, will be appointed by a two-thirds vote of the Chamber of Deputies at the proposal of the congressional blocs.

Furthermore, the initiative creates the post of executive secretary (with voice but no vote) who will be appointed by the qualified majority of the members of the General Council at the proposal of the council's president.

Chuayffet said the president of the council, the electoral advisers, and the executive secretary will be subjected to the system of duties of public servants established in Title Four of the Constitution.

As for the financing of parties, he said the Constitution will regulate the principles that ensure aboveboardness and equity to set the limits of campaign expenses, control and oversee the source and use of resources, and implement the pertaining sanctions.

Chuayffet also said the initiative increases public financing to fund the permanent activities of the political parties and proposes that public financing prevail over private financing.

As for the makeup of the congressional chambers, the government secretary said the maximum number of deputies a particular party should have both ways [por ambas vias] will be reduced from 315 to 300. In addition, the proposal establishes that 8 percent will be the limit for the difference in the total percentage of chamber members each political party should have. [sentence as received].

In the Senate's case, Chuayffet said a formula has been established to obtain a more pluralistic membership; that is, as of 1997, 32 legislators will be elected from a national list through the principle of proportional representation.

Regarding electoral justice, he said this reform introduces jurisdictional mechanisms to ensure that all electoral, federal, and local laws will be in keeping with the Constitution so as to protect Mexicans' electoral, political rights.

He added that consequently, the Nation's Supreme Court of Justice (SCJN) will be tasked with establishing the constitutionality of the electoral laws, that the Federal Electoral Tribunal will become part of the Federation's Judicial Branch, and that the political parties will be authorized to challenge electoral laws.

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He added that the electoral magistrates will be appointed by two-thirds of Senate members at the proposal of the SCJN, but on this first occasion, the vote of three-quarters will be required.

Chuayffet mentioned that a number of common principles that rule all local electoral laws also will be included in the Constitution.

As for the reform of the Federal District, the government secretary said the proposal establishes the election of the head of government by universal, free, direct, and secret vote and reaffirms the nature of the legislative organization, formed by deputies, currently assemblymen. He said the duties of the Assembly of Representatives will be broadened, because it will be empowered to take action in additional local matters, including electoral matters.

Chuayffet said this legislative organization will be authorized to designate the head of government should the elected official be unable to fulfill his duty, and new political-administrative jurisdictions will be introduced in the Mexican capital.

He said the heads of these jurisdictions will be elected by indirect vote in the 1997 elections in keeping with legal stipulations, whereas they will be elected in the year 2000 by the universal, free, direct, and secret ballot of the citizens.

Mexico: Roundup of Economic Developments Through 29 Jul

PA3107013496

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 29 July.

During the opening of the 13th Regular National Assembly of the National Agriculture Council, Francisco Labastida, agriculture, livestock, and rural development secretary, said the supply of basic food supplies in Mexico is guaranteed for the rest of the year despite the drought. (Mexico City XEW Television Network in Spanish 0330 GMT 23 Jul 96)

According to Luis Leon Macias, president of the National Chamber of the Lumber Industry, a total of 390 lumber companies have shut down since 1995 because of a 40-percent drop in sales. As a result, 30,000 jobs have been lost and the sector's overdue portfolio now amounts to 300 million pesos. (Mexico City EL FINANCIERO in Spanish 23 Jul 96 p 1 — received via Internet)

A 23 July, Mexico City-datelined item states that according to a report issued by the Banxico, Bank of Mexico, on 23 July, the country's international reserves amounted to $15.875 billion as of 19 July, an increase of $504 million compared to last week. (Mexico City NOTIMEX in Spanish 0134 GMT 24 Jul 96)

In the framework of an increasing world competition to attract investments for the telecommunications sector, the amounts initially committed by the new competitors in the Mexican long-distance communications market have plummeted by 45 percent. Both the companies and the authorities had initially estimated the investments to be between $8 billion and $10 billion, however, the Communications and Transport Secretariat are currently estimating investments to be around $5.8 billion. Among the reasons given for such a drop were: the slowness with which the rules of the game have been drafted, fear of a market pulverization because of so many competitors, and creation of alliances among new competitors. (Mexico City EL FINANCIERO in Spanish 24 Jul 96 p 14)

According to a 24 July, Mexico City-datelined report, the Mexican automobile industry grew 37.5 percent during the first half of the year with regard to the same period in 1995, according to the Commerce and Industrial Development Secretariat. (Mexico City NOTIMEX in Spanish 1947 GMT 24 Jul 96)

The National Consumer Price Index went up 0.73 percent during the first half of July compared to the final 15 days in June, according to a 24 July report datelined Mexico City. The Banxico informed that this has been the smallest increase for a fortnight since December 1994. The bank said the increase was primarily due to increases in housing costs, gasoline prices, bus and train fares, as well as in orange and tomato prices. (Mexico City NOTIMEX in Spanish 2306 GMT 24 Jul 96)

The Mexican Telephone Company, Telmex, reported net second quarter profits totalling $907 million, a 30.32-percent increase over last year's figures. In its financial report submitted to the Mexican Stock Exchange, the company said the increase in profits was due to an increase in the amounts of long-distance calls and in price controls. (Mexico City NOTIMEX in Spanish 1818 GMT 25 Jul 96)

Canada's Bank of Nova Scotia assumed control of the Inverlat Financial Group today. This is the second Mexican bank to be taken over by a foreign company after Spain's Banco de Bilbao-Vizcaya took over the Probursa Group and promised to purchase two more banks, which had been intervened by the government, the Banca Cremi and Banco de Oriente. (Mexico City LA JORNADA in Spanish 25 Jul 96 p 1 — received via Internet)

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With the expansion of foreign trade in Mexico, from 1993 to 1995, total trade activity climbed from $77.602 to $152.232 billion. Regarding its NAFTA partners, from 1994 to 1995, Mexican exports experienced a growth rate of 28.91 percent with the United States and 33.5 percent with Canada. This increase in the trade flow has also resulted in an increase in the number of trade conflicts and the use of the mechanisms to resolve disputes within the framework of the WTO and NAFTA. (Mexico City EL FINANCIERO in Spanish 25 Jul 96 p 1 — received via Internet)

The employment rate is recovering as the economic situation improves. In the first half of 1996, there was a recovery of over 50 percent in the number of jobs eliminated throughout 1995. According to the National Survey of Urban Employment, in the second quarter of 1996, the open unemployment rate reached 5.6 percent, a smaller figure than that registered in the same period of 1995, 6.5 percent, and in the first quarter of 1996, 6.2 percent. In the second quarter of 1996, the cities with the lowest unemployment rate were: Leon with 2.1 percent; Acapulco with 1.7 percent; and Tijuana with 1.2 percent. Of the total number of idle workers at the national level, 82.6 percent had worked before, whereas the remaining 16.4 percent had not. (Mexico City EL FINANCIERO in Spanish 25 Jul 96 p 1 — received via Internet)

The relative stability of the exchange rate and the speedy drop in domestic interest rates do not have enough support to consolidate the recovery of the national economy, as the restrictive monetary policy has not been able to resolve the serious structural problems of the balance of payments. According to official data provided by the Banxico, in the first quarter of 1996, the balance of the current account registered a deficit of $462.3 million. During this period, Mexico paid interests for $3.8545 billion, mainly through refinancing programs. The capital account also registered a deficit of $1.1442 billion, which resulted from a slump in the flow of foreign capitals, including exports and the entry of capitals. Imports of goods and services posted a significant increase, which, by the end of the first half of 1996, represented a foreign exchange outflow of $41.536 billion. This figure represents a 17.9-percent increase over the one registered in the first half of 1995. The Banxico had planned to reduce domestic credits by 1.3 billion pesos during the first six months, but by the end of June, the reduction amounted to 17.7 billion pesos, which, in turn, caused the monetary base to shrink by 5.2 billion pesos. Thus, international reserves went from $15.741 billion, registered up to 31 December 1995, to $15.402 billion by the end of June, which represents a $339-million reduction. In addition, by the end of the first half of the year, the annual inflation rate (June-June) reached 31.82 percent. Regarding foreign investment, the balance in the first quarter of 1996 reached $2.6833 billion. Direct investment, earned between January and May, amounted to $1.290 billion, a figure similar to that registered in the first quarter of 1995, but almost three times smaller than those of the first five months of 1994. (Mexico City EL FINANCIERO in Spanish 25 Jul 96 p 1 — received via Internet)

The National Rural Credit Bank (Banrural) will handle 40 percent of the 15 billion pesos needed to implement the Program of Financial Support to the Agricultural and Fishing Sectors, according to a 24 July, Centla-datelined NOTIMEX report cited by EL FINANCIERO. In a news conference, Banrural Director Oscar Terroba said that the bank will allocate 6 billion pesos to refinance the debts of the national agricultural, lumber, and fishing sectors. Terroba noted that this amount will benefit 520,000 farmers and fishermen, including 330,000 who have overdue credits with Banrural. (Mexico City EL FINANCIERO in Spanish 25 Jul 96 p 1 — received via Internet)

The cost of rescuing the financial system already amounts to 180 billion pesos (almost $24 billion), which represents 8 percent of GDP in a year. According to an Infosel (expansion unknown) report dated 22 July, the program of the Investment Units, UDI's, will cost, once concluded, 22 billion pesos, while the Agreement for Immediate Support to Bank Debtors, ADE, will entail a cost of 13 billion. The Savings Protection Banking Fund, Fobaproa, and the Fameval (expansion unknown), the programs of support to the banks, represent a cost of 48 billion pesos, while the capitalization plan for these same institutions will entail a cost of 24 billion pesos. Cleansing the credits assigned to build roads, which have been pivotal to cleanse banks' portfolios, will reach 14 billion. The recently announced agreement of support to mortgage debtors will amount to 27 billion pesos. The Program of Support to Fiscal Debtors will amount to 2 billion, while the trusteeship to rescue National Finance Bank Inc. will amount to 15 billion pesos. In addition, the agreement of support to debtors in the agricultural and fishing sectors, unveiled on 23 July, will cost 15 billion. (Mexico City REFORMA in Spanish 25 Jul 96 p 1 — received via Internet)

During the first six months of 1996, Televisa Group reported losses for 653.6 million pesos, whereas this organization reported revenues for 391.6 million pesos during the same period in 1995. By the end of the first half of 1996, Televisa's total financing cost reversed the favorable trend reported during the same period in 1995, going from a cost of 614.4 million pesos to approximately 265 million pesos. In this same period,

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despite a 5.4-percent reduction in its sales, Televisa registered an increase in profits of 104 percent, moving from 60.6 million pesos to 124 million pesos, favored by lower sales costs and operating expenses, which dropped 5 and 12.2 percent, respectively. (Mexico City REFORMA in Spanish 25 Jul 96 p 1 — received via Internet)

Mexico: Alpek Director Views Benefits of Privatization

96CA0267A Mexico City EL ECONOMISTA in Spanish 24 Jul 96 p 1

[Report by Gabriela Amador; first paragraph is EL ECONOMISTA introduction — received via Internet]

[FBIS Translated Excerpt] The privatization of the petrochemical industry will make it possible to rectify the error that was made in the past when the Energy Secretariat first classified these products in 1989, because this classification inhibited the natural development of the sector, stated Jose de Jesus Valdez Simancas, director general of Alpek [the petrochemical division of Grupo Alfa]. He believes the division was artificial, and merely served to separate the production chains of the petrochemical industry.

The director of the largest private petrochemical company in the country contends that the application of the NAFTA [North American Free Trade Association] reserve clause (which favors companies with Mexican majority ownership in this disincorporation) is essential for achieving integrated production chains.

Valdez Simancas explained that the combination of the two measures will strengthen the Mexican petrochemical industry because it will ensure not only integration, but also dependable supplies and cheaper imported raw materials.

Within the legal framework of the oil industry, in 1989 the Secretariat of Energy, Mines, and Parastate Industry decreed the first classification of the petrochemical industry, dividing it into basic, secondary, and deregulated. As a result, practically all raw materials were considered basic; now, only Pemex Petrochemicals produces them and they are classified as secondary.

Valdez Simancas explained that the private petrochemical sector could not develop under conditions similar to those of the rest of the world, simply because the rules established in Mexico created separate chains.

For some products, there are technical difficulties such as the lack of international benchmark prices and the impossibility of transporting the products because they are considered hazardous, he explained.

Nevertheless, the second reclassification (in 1992) was a positive development, in the industrialist's view, because there is no problem setting prices for the products now recognized as basic or establishing rules for safe handling and transport.

The Alpek executive emphasized that his firm, as one of Pemex' primary customers, is interested in purchasing petrochemicals at the source. The products it has in mind are aromatics and derivatives of ethylene and propylene, which are produced mainly at La Cangrejera and Morelos. Alpek would be a partner with other companies, he noted. [passage omitted]

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El Salvador

El Salvador: Cuban Official Balaguer Interviewed

PA3107043196 San Salvador EL DIARIO DE HOY in Spanish 29 Jul 96 p 20

[Report on interview with Dr. Jose Balaguer Cabrera, Politburo member and chief of the Central Committee's International Relations Department of the Communist Party of Cuba, on 25 July in San Salvador by an unidentified DIARIO DE HOY reporter]

[FBIS Translated Text] When Dr. Jose Balaguer Cabrera, member of the National Council of the Communist Party of Cuba [PCC], kept silent for over a minute after the first question, it seemed as if he was never going to speak. But he spoke.

Balaguer, part of the closed structure of Cuba's communist power structure, was interviewed by EL DIARIO DE HOY just one hour and a half after he arrived on Salvadoran soil. "I am never tired," he said.

Balaguer is one of the few Cubans, aside from the sports teams, who has the privilege of traveling out of the island.

Why Only One Party?

The question is one of anthology. Balaguer reminds us that there were several parties prior to the communist revolution. "A multiple party system led Cuba to Fulgencio Batista's dictatorship," he says with confidence.

"The republic we had was inclined to corruption due to political parties."

Games of chance were the property of the U.S. mafia.

National decisions were made by the U.S. ambassador. The entire country belonged to the United States, he states.

When the PCC was installed with the merger of the three military organizations that took part in actions in the Sierra Maestra, "for the first time in history we were independent from the United States," he says strongly.

The PCC, in power since 1959, has not given opportunity to the opposition. Balaguer admits that the only opposition is exercised from the United States.

Nonetheless, for this bureaucrat the PCC managed to integrate the masses and created education and health systems that are "very outstanding in Latin America," he said.

In Balaguer's opinion, more that 30 years at the head of the government have not dimmed Fidel Castro's popularity with the people.

"Ask the people. They back Castro. The people follow Fidel," he refutes when replying to the question as to why one dictatorship followed another.

Balaguer Cabrera definitely does not believe in the existence of various political parties. The only one who insistently speaks of a multiple party system, he says, is the United States.

"The United States has a single party. To speak of two parties is a sophism. "Both the Democrat and Republican Parties have the same project," he argues.

Always the United States

According to Balaguer, the United States is more than a problem for Cuba. "It is the problem." Since Castro's coming to power the United States has tried to economically block the island.

The last attempt, he says, perhaps the fiercest, has been the enactment of the Helms-Burton law, which intends fining and sanctioning non-U.S. companies that do business with Cuba.

"What they intend it to become annexed to Cuba and take over the riches we have managed in 35 years of revolution," he affirms without batting an eyebrow.

"As human beings we would be traitorous and vile if we accepted it (the Helms-Burton law)," he states.

Since the disappearance of the Soviet Union, the island's natural partner, Cuba has had to give in in its ideological positions.

There is already free contracting and private investment, albeit with limitations.

But the communist paradise has its Adams, who although may not be expelled by the angel with the flaming sword, voluntarily chose to leave it. Thousands of "rafters" try to escape the regime.

"And why not? Every week radio stations launch messages to the people," refutes Balaguer.

Autonomy

If he were not a communist, Balaguer would have sworn to God that Cuba never intervenes in other countries' domestic affairs.

"We had a process involving a revolutionary comrade who fought in Sierra Maestra and was involved in drug trafficking. The court prosecuted him, sentenced him, and shot him to death," he said visibly upset while he banged the table in his room in El Salvador Hotel.

That man was General Ochoa, who was a man whom revolutionaries "loved and adored;" however, it was

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worthless, because "matters of principles are categorical in Cuba," the interviewee pointed out.

The death penalty is contemplated for very serious crimes. This is an issue on which the Communist Party of Cuba disagrees with its Salvadoran counterpart. "Executions are conducted when an individual, a murderer kills three little children; the law strikes and punishes him," Balaguer maintained.

The Sao Paulo Forum runs its course while he and many of the participants of this communist convention voice their unyielding conviction that the Cuban system is the best system Latin American peoples could have.

"We advise no one," he answered when he was questioned on Castro's ties with the existing guerrilla movements and those of the past decade in Latin America. "The Cuban Government — Balaguer asserts while frowning — respects countries. Last week, there was not any country left in South American that does not maintain relations with Havana."

However, during his visit, he will not meet with the Salvadoran executive branch to make official the relations. "But, it must be a decision by each country, not by Cuba," he affirmed, adding that the lack of diplomatic relations does not hinder commercial, economic, cultural, or scientific relations.

Drug Trafficking and the Death Penalty

On 25 July, drug traffickers arrested in Miami connected Fidel Castro to a drug trade network. The case remains pending. In a book recently published in Colombia by a prominent journalist, it was disclosed that Pablo Escobar, who was the capo who owned all the cocaine produced in this South American country, was a guest of Daniel Ortega, who was then at the helm of the Nicaraguan Government.

"When the revolution succeeded, mafiosos were expelled, and all possibilities of drug trafficking in Cuba disappeared," Balaguer said. They have only one problem: the marijuana that grows in the wild, and the Castro government persecutes it, he added.

According to Balaguer, the reason for the alleged Cuban success in preventing drug trafficking is "the honesty of its officials and military officers."

Honduras

Honduras: First Vice President on Attempt To 'Topple' Hung

PA3107003196 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 30 Jul 96

[Interview with First Vice President General Walter Lopez Reyes by unidentified reporter; date and place not given; from "The Morning Paper" newscast — recorded]

[FBIS Translated Text] [Announcer] General Walter Lopez Reyes, who was removed from his post as commander in chief of the Armed Forces and who is currently the presidential designate, will give us his opinion about the attempt to topple Gen. Mario Hung Pacheco.

[Unidentified reporter] Good evening. At this moment, we are with Gen. Lopez Reyes. We would like to know what information [words indistinct] of the country received about a certain movement within the Armed Forces? What do you know about this particular case?

[Lopez] This morning, I heard the news on the radio and read about it in one of the country's newspapers, and it truly took me by surprise. I have not spoken with the president or the commander in chief yet. I do not know whether this event actually took place. I believe that people should not speculate about it, because it is a very delicate issue. Since I do not know anything about this movement or any unusual development within the Armed Forces, I cannot give you my opinion on this.

[Reporter] At this point, don't you believe that the president and the pertinent authorities should be familiar with this situation unfolding within the Armed Forces?

[Lopez] If this is an actual situation, I believe the president and the general commander of the Armed Forces should have some information. However, and I reiterate, I have not spoken to him about this.

[Reporter] If this were an actual event, as [words indistinct], it would threaten the country's current social and institutional stability. What would be the president's decision in this case [word indistinct]?

[Lopez] First of all, we must bear in mind that we have launched a process of democratization, which includes all levels and all institutions. We have taken major steps to strengthen the democratic system and any irregular situation could hobble this process. Hence, I am inclined to believe that there is no longer any room or time for this type of movement, and neither is there any room for coup d'etats as the commander in chief himself has often reiterated.

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I believe we must continue this process. The country needs peace, and we cannot speculate about things that we are not sure of. However, whatever the situation, both President Reina and the commander general are capable of making their own decisions. I reiterate: I have not been able to speak to him, and I do not truly know to what extent this is a true situation.

[Reporter] What explanation is there for this situation, considering the fact that this type of movement was thought to be history and that this had come to an end with Gen. Discua Elvir's arrival? Did you, as members of the executive branch, have any clue about this, bearing in mind that — as far as we know — you receive firsthand information and military intelligence at the highest circles as ranking authorities in the country?

[Lopez] When the president receives this information, it has already been processed, and he is the only one who can access it. We handle other types of information, and regardless of this, if the president has received any information, he is the only one who can disclose it to the people.

At this time, what I would want to say is that we must enjoy the peace and calm. I also want to say that our country's problems are varied, and all of us must face them as a society. Above all, we must ensure that this democratization process is irreversible. We will strengthen democracy and, at this point, we do not need any interruption.

Honduras: Minister General Nunez Denies Being Under Arrest

PA3007185496 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 30 Jul 96

[Telephone interview with Defense Minister General Jose Luis Nunez Bennet, place not given, by Juan Antonio Moncada in the network's studios in Tegucigalpa; from "The Morning Paper" newscast — live]

[FBIS Translated Text] [Moncada] I am now talking to Defense Minister General Jose Luis Nunez Bennet about a report a television station broadcast yesterday that you are under arrest. General Nunez Bennet, you are in your house. Are you denying the report carried by a Tegucigalpa newspaper?

[Nunez] Completely. There was a misunderstanding, I think. I have been at home all these days. I was in Trujillo this past weekend but returned during the early morning hours of 28 July because of the hurricane that was approaching Honduras. I met with the general staff yesterday. I came home a little late, true, but none of that is true.

[Moncada] Is the grumbling that apparently exists within the military institution still being studied?

[Nunez] No officer feels that way. Officers are working in their units. You can visit them there without any problem. What did happen was that someone made a comment that was out of line. We have regulations and laws to observe. We are banned from making comments out of line. The punishment consists of an admonition and a simple sanction, and I do not think it should give rise to this kind of disturbance. We have been talking with the president about the problems the Armed Forces are having. His main purpose is to reinforce the Armed Forces during the last 18 months of his administration.

[Moncada] How is one to interpret the preventive arrest?

[Nunez] Preventive arrests in the barracks are a common occurrence in the military whenever there has been a breach of conduct, when someone makes an unauthorized statement or utters statements outside the appropriate channels. That is normal within our laws, I mean a normal punishment, and is not reason to disrupt public order.

[Moncada] If it is proved that these officers had tried to oust General Mario Raul Hung Pacheco, what punishment can they expect?

[Nunez] I do not have the military code at hand, but it clearly outlines the sanctions. To be sure, the case has to be brought to court to be proven that this happened. These are situations that.... [pauses] By uttering complaints in public, one is liable to be sanctioned within the institution. The newspaper LA TRIBUNA carries this today: Current Defense Minister Jose Luis Nunez Bennet reportedly is added to the list of officers detained over the attempted barracks coup. Channel 3's newscast has reported the news. According to reporters, his wife was very nervous last night because you had come home.

[Nunez] [Word indistinct] is our neighbor, and my wife was feeling nervous at one point and told him I had not arrived, and she was worried. At 2040 I called her to tell her that I was coming home soon and that I was at a meeting. On Mondays, we always have work meetings that always last into the night, but that is really no cause for any concern.

[Moncada] Are you aware of the complaints by certain officers that Mario Raul Hung Pacheco sent a memorandum flatly forbidding any request for a salary increase? The officers are very unhappy over that. They charge that the Military Social Security Institute [IMP] is handled so benefits go only to top-ranking officers, because junior-ranking officers cannot even obtain a mortgage or personal loans because of the excuse there is no money.

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The officers are extremely upset, because the structures created by General Luis Alonso Discua Elvir, which the officers describe as corrupt, have not been eliminated and still handle IMP companies. The officers also are complaining that top-ranking officers make up all the boards of directors of the IMP enterprises and thus obtain great personal benefits, whereas the officers cannot receive decent per diem expenses.

To end, the junior-ranking officers are not allowed to ask for mortgage loans, and yet the senior officers purchase the sack of cement at seven lempiras to help themselves in their constructions. What truth is there to this?

[Nunez] All I know—and this point is something the officers have been informed of—however, is that IMP loans were suspended because the Armed Forces and Hung Pachecho are seeking a project to purchase houses and then to finance them for officers; that is the IMP.

Considering the low salaries in the Armed Forces.... [pauses] For instance, a second lieutenant, who holds a university degree, starts earning 2,600 lempiras; after five years he still earns 2,600 lempiras. There is little adjustment of his salary, because that is how Armed Forces administrative structures have remained fixed. We were prepared for times of economic stability and not for an economic crisis. This is not just happening in the Armed Forces but, rather, in all the other state bodies. A second lieutenant earning 2,600 lempiras cannot pay a loan for 200,000 lempiras, which is more or less what a adequate house costs now. We have decided that it would be better for us to purchase housing projects to bring costs down and to complete the projects if they are not finished, I mean, the IMP, and then try to sell the houses to officers at cost; in this way they would be able to pay smaller installments than they would if they went to a private bank outside the IMP system.

There is nothing irregular. You already have the information from the officers command. These matters have been clarified. I have participated in the commission that was seeking projects in Tegucigalpa to see how we can help officers. I also was in San Pedro Sula. We are trying to solve problems. The Armed Forces have to learn to live with the crisis, something which is not unique in Honduras. It is the same in Ecuador, Peru, Chile. That is what I can tell you about the housing problem. We are trying to resolve it.

As for privileges that may exist for certain senior officers, that is normal in the IMP companies. There are always some privileges. I know that the INCESA [expansion unknown] Board of Directors has a special price for cement, but that is something.... [pauses] Even its employees get a special price on cement. Each company runs itself. The board of directors and the majority partners decide what privilege to give the member of a board of directors.

Nicaragua

Nicaragua: Editorial Views Clinton's Approval of Law

PA3007170396 Managua BARRICADA in Spanish 27 Jul 96 p 3

[Editorial by Heinz Dieterich Steffan: "Confusion and Problems of Goliath — The Dance Without Veils of Mr. Clinton"]

[FBIS Translated Text] It is a pleasure to see that even opportunism has its price sometimes. Bill Clinton signed the Helms-Burton Law in March 1996 to win the votes of the right in Florida and New Jersey and to resurrect this issue during the electoral contest.

But on Tuesday, 16 July, when the term to definitely approve the law expired, it once more became the object of national discussion. In the face of the electoral pressure from the domestic right to apply the law immediately and the pressure of the grand capital of the United States and the European allies to simply repeal it, Clinton acted like Frank Sinatra, his way, trying to please all sides.

He froze for six months the implementation of the most disturbing clause for the international community, the right to sue international companies that "traffic" with U.S. properties expropriated by the revolution at the courts of the empire, but approved the rest of the law.

This is similar to what happened when he was accused of having smoked marijuana as a youth, and he responded that he had smoked it but had not inhaled it.

Clinton's mistake was underestimating the strong reaction from the European Union and Canada, which was the key factor in the partial defeat of the promoters of the annexationist law, organized around southern political boss Jesse Helms and the Republican representatives of Cuban origin in Florida.

To a certain extent, it was an ideological setback of Clinton in the face of globalization. The globalization, the disappearance of the USSR, and the creation of new, regional imperialisms prevent the easy imposition of U.S. interests on their allies from working as effectively as during the American century of the post-war.

And it works even less when the profits of those rival imperialisms are touched. Of course, the Cuban market does not have the sufficient volume to elicit the unusual

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resistance of Canadians and Europeans to the desires of the White House, but Cuba is just the tip of the iceberg.

The European resistance is aimed at the pattern of U.S. foreign policy, which is increasingly using economic blackmail to impose its interests: This is the case in Libya and Iran, where there are strong German and French economic interests and the initiatives, foiled initiatives, against China.

For the first time, the EU has spoken with a single voice in the face of the U.S. attempts, and this is an important piece of information: It means that imperialism in the old world has acquired an identity of its own, generating a dominant European class that is becoming a world player with its own agenda and power.

Failure of the Helms-Burton Law

This means the annexationist intentions of Clinton-Helms-Burton over Cuba will not meet any support in Europe, so this law is destined to fail as a means to destroy the Cuban process.

The outright illegality and highhandedness of U.S. imperialism does not help its cause. The Charter of Economic Rights and Obligations of States, approved by the United Nations in 1974, expressly stipulates the right to "nationalize, expropriate, and transfer properties of foreigners with the compensations that the state deems appropriate."

On this juridical basis, Cuba in the 1960's and 1970's paid compensations to France, Great Britain, Switzerland, and Canada through the so-called lump sum agreements. In addition, later arrangements were made with Spain. In turn, the United States always blocked any negotiated solution.

The U.S. Supreme Court itself ruled on the legitimacy of the Cuban nationalization process in 1964, in a case known as "Sabattino vs. the World Bank of Cuba." With eight votes in favor and one against, it decided that no court may try the acts of another government in its own territory.

Despite the "irritation it may cause among the (U.S.) public, national interests and progress are best served by respecting international laws, the judges ruled. [no closing quotation mark as published]

But this is a truth that the president of the most powerful country in the world does not dare say in his own house of government. This speaks of the historical dimension of Bill Clinton.

Nicaragua: Editorial on Cuba's Ability To Stir Interest

PA3007192496 Managua EL NUEVO DIARIO in Spanish 27 Jul 96 p 6

[Editorial by Hector Mairena Z.: "Cuba Always to the Fore"]

[FBIS Translated Text] Cuba is always in the news, be it because of the victories scored by its athletes in international competitions, its health and biotechnology breakthroughs, or because of the thousands of Cubans holding on to flimsy tires trying to flee the severe, economic situation the island is experiencing.

Cuba's ability to stir the people's interest throughout the world is due mostly to the fact, however, that regardless of the most original and wicked U.S. efforts to destroy the Cuban Revolution, Fidel has been able to stay in power for almost 40 years. Discussing Fidel's ability to stay in power transcends a simple allegory. He is the unquestionable leader and symbol of the Cuban Revolution.

We probably do not agree with many things that happen in the Cuban state and others we would not want for our own country. One of the things we like the least or one of the most criticized aspects is Castro Ruz' long term as the head of the Cuban state. Fidel already has a prominent place in the history of Latin America and the world, but his prolonged role playing seems to be out of touch with the new world situation, Cuba's need for historic development, and its confirmed need to renew and constantly renew itself, but what if the Cuban people believe otherwise?

The United States' habit of imposing its will on others and its staunch contempt for the sovereignty of the rest of the nations has become evident with the Helms-Burton law. Even former President Jimmy Carter himself has used harsh terms when referring to the law.

This law, which President Clinton is expected to pass in August for its prompt implementation, demonstrates that despite Clinton's possible willingness to change his country's image and to modernize its foreign policy, the interests of the world's most reactionary, monopolistic groups still exert a clear control of major strings of the U.S. legislative apparatus. The proposals of Senators Jesse Helms and Dean Burton are proof of this.

Another case in point is the U.S. position against Colombia. The United States cannot condone the fact that President Samper has passed a law prohibiting the extradition of Colombian nationals. This editorial does not intend to excuse Samper from his alleged drug trafficking links, but who has designated the United

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States the policeman of the world or set it up as the faultfinding conscience of the peoples of the world?

But let's get back to Cuba. The Helms-Burton law has triggered severe reactions from such countries as Canada and several European nations. Nothing less would be expected.

Among other points, this law establishes strong sanctions against the nationals of other states who have ties with Cuba, considering even the expropriation of the assets that those same people have in the United States. As a logical reaction to defend its sovereignty, Canada has announced it will act reciprocally regarding this measure.

Although the embargo on Cuba, in effect almost as long as Fidel's term in power, has certainly had serious effects on the island's economy, particularly after the collapse of the socialist system in Eastern Europe, it is also true that several European nations as well as Canada and Mexico have found in the Cuban state a serious and efficient partner, particularly in the tourism industry. The same countries are reacting against the Helms-Burton law on behalf of their national sovereignty and their freedom to do business with anyone they choose.

In Europe, Aznar's election as the new Spanish prime minister, a circumstance that was supposed to set the stage for a warmer reception of the law in Cuba's leading partner in Europe, has not had the expected results.

An OAS resolution asked the Juridical Committee to review the law. In other words, although the OAS did not reject the law categorically, it did convey a tacit condemnation. This action was enough for the U.S. ambassador to the OAS to describe the American states as spineless.

It is obvious that the world scenario is no longer that of the Cold War of the 1960's or that of the 1970's, but it also is evident that the positions of the most conservative sectors of the U.S. Government apparatus have not changed very much. These sectors are driven mainly by their deeply rooted, anti-communist beliefs.

Even if President Clinton has a different attitude, it is constrained, perhaps in a decisive manner, by those positions.

In our country, it would be worthwhile if presidential aspirants stated their opinion on the topic. Would Aleman, for instance, condemn the Helms-Burton law?

Nicaragua: Andres Castro United Front Issues Communique

PA3007163896 Managua EL NUEVO DIARIO in Spanish 25 Jul 96 pp 1, 16

[Report by Oscar Merlo]

[FBIS Translated Text] The Andres Castro United Front [Frente Unido Andres Castro — FUAC], which appears to be a new, armed group, has sent to our editor's office a copy of a communique addressed to Cardinal Miguel Obando y Bravo. In that note, the members of the group announce, among other things, their decision "to defend ourselves and to answer any negative reaction from the nation's Armed Forces and security bodies."

The front, which also calls itself "Scorpion Forces," has used ornate logotype for the communique in which it states the group is composed of high- and low-ranking officers who have been affected by the new Military Law, which so far has benefited only General Humberto Ortega Saavedra.

FUAC states "from somewhere in the mountains of Nicaragua" that the Army high command and its security apparatus have slandered and discredited the retired officers to keep them apart so they cannot secure their rights.

As for the benefits that General Ortega has presumably received, the FUAC members wonder: Was he the only man who contributed with his ideas to the creation of a new Army in this country since the overthrow of the dictatorship?

They also hint that while they were in the bull ring, the Army high command was looking at the bulls from the stands.

They state in their communique: "If you read the Geneva Treaty, you will know the rights of soldiers who remain more than one day on the front line of fire. We began fighting there, and we were still there at the end of the war."

In the communique, the alleged, irregular group states that it does not want any kind of power in any state institution "nor to take revenge" on political leaders, regardless of ideologies.

The FUAC members say their objectives are: to defend the prestige of the retired soldiers, to have a decent pension, to enjoy the right to health services, and a free education for their children.

They state: "We are demanding nothing but the better future that our commanders and political leaders have offered us, the future for which we gave the best part of our lives."

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FUAC says it is tired of war and does not want to be an obstacle to the forthcoming (elections) dispute.

"Our reaction," the FUAC people state, "will depend on how the individuals responsible for our situation treat our case."

In a tone that could be considered as threatening, the FUAC members state that the high command of the Sandinist National Liberation Front knows them perfectly well from several years before 19 July 1979 and knows their "political, organizational, and military capabilities."

EL NUEVO DIARIO was able to learn through a Nicaraguan Army source that FUAC began being shaped approximately two years ago, in Esteli, and was linked to a former military man known as Pedrito el Hondureno. On that occasion, the authorities arrested several of its members who said they formed part of a peaceful organization. Our source has said they had not heard of FUAC again since then.

Nicaragua: Economic Developments Through 29 Jul

PA3107013196

[FBIS Report] The following is a compilation of reports on economic developments in Nicaragua monitored through 29 July.

Japanese Ambassador Yoshinori Miyamoto has signed four cooperation grants with Nicaraguan institutions. The first one, which consists of a grant for $99,166, will be earmarked to acquire technology and products needed to detect and care for persons with aids, as well as to control and prevent the disease. Another grant, for $94,644, was also signed with Amalia French, representative of the Nicaraguan Association To Care For Children with Cancer, to provide La Mascota Children's Hospital with equipment for the Hematology-Oncology Department. Mr. Miyamoto signed a third agreement with Sister Martha Herrera for $36,057 to help the sewing and typing workshops. The last agreement was signed with the nongovernmental organization, NGO, Let us Make Democracy for $29,139. The funds will be used to print a booklet called "My National Assembly" to be handed out to students and civilian society organizations. (Managua EL NUEVO DIARIO in Spanish 24 Jul 96 p 9B)

Austria has announced it is forgiving $28.3 million out of Nicaragua's debt to this country. Deputy Foreign Cooperation Minister Sergio Mario Blandon noted that Austria is giving a 25-year period, with an eight-year grace period, to pay the remainder of this debt. In addition, Austria donated $400,000 to hand out property deeds in over 1 million manzanas in El Rama region (Managua Nicavision Canal 12 Television Network 0400 GMT 25 Jul 96)

According to figures published by the magazine issued by the Canadian International Development Agency, that country's aid to Nicaragua for the past six years totaled $77 million; $56.5 million of that amount consisted of bilateral aid and the rest was given to NGO's. (Managua BARRICADA in Spanish 27 Jul 96 p 4)

Inter-American Development Bank President Enrique Iglesias and Roberto Mayorga Cortes, Nicaraguan Ambassador to the United States, have signed several agreements for $47 million in soft loans to be used by the public sector and to improve the sanitary conditions of Lake Managua. (Managua LA PRENSA in Spanish 27 Jul 96 p 3)

Panama

Panama: Official on Authorizing U.S. Army Maneuvers

PA3007202496 Panama City LA PRENSA in Spanish 29 Jul 96 p 2

[Report by Jose Quintero de Leon]

[FBIS Translated Text] Oyden Ortega Duran, president of the Foreign Relations Commission of the Legislative Assembly, has said the Panamanian Foreign Ministry has not overstepped its bounds by authorizing the Southern Command to conduct military maneuvers outside the defense sites stipulated in the Panama Canal Treaties.

Professor Julio Yao recently reported an alleged violation of authority by the Foreign Ministry, which has approved a Southern Command request to conduct maneuvers at the airport in Chame as well as at the former air base in Rio Hato for an entire year.

Ortega has said he has made similar observations and has said any agreement for maneuvers outside the defense sites is not permitted under the treaties.

He added that every time there is a troop movement and every time a convoy is organized, the Panamanian party should go at the front and the Panamanian authorities should not leave to the U.S. Army's discretion any type of maneuvers.

He said, however, the treaties should not necessarily be invoked every time these maneuvers are conducted—and a country has every right to conduct them—because these pacts define the limits of the defense sites quite well.

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Panama: Editorial on Conflicting Positions on U.S. Bases

PA3107035596 Panama City LA ESTRELLA DE PANAMA in Spanish 29 Jul 96 p 1A

[Editorial: "LA ESTRELLA DE PANAMA's Opinion"]

[FBIS Translated Text] According to opinion polls regarding a possible permanence in our country of a "certain U.S. military presence beyond the year 2000," a considerable majority has responded affirmatively; in other words in favor of it. Conversely, when a similar question is asked to certain personalities or outstanding political figures, the opposite position seems to prevail, in other words they apparently want strict compliance of the treaties; therefore, total withdrawal of the U.S. Armed Forces by the assigned date.

These openly contradictory results confuse and disorient many foreign observers and commentators because it seems incomprehensible. Nevertheless, perhaps those positions against the permanence of U.S. bases are due, at least in certain cases, to the desire to publicly adopt a nationalist and popular position regardless of the consequences. Those who differ probably worry about the total closure of these bases and the possible negative effects to our economy plus the abandonment of land and installations, which we cannot use or fully take advantage of, for the time being, because it is beyond our possibilities. Fort Amador, the jewel of the reverted areas, will return to our jurisdiction within a few days, and its immediate future is still not clear.

Panama: President Not To Curb Freedom of Information

PA3007182596 Panama City Circuito RPC Television in Spanish 1730 GMT 27 Jul 96

[Report by Ilka Gonzalez; from the "Midday Television News" newscast]

[FBIS Translated Text] During the inauguration of the First Meeting on News Media being held in Bambito, Chiriqui Province, President Ernesto Perez Balladares has said he will not put curbs on freedom of information. He has broached other topics of national interest.

[Gonzalez] In his address to journalists from all over the country attending the meeting on communication, the president has said his government has no interest in hampering freedom of information:

[Begom Perez Balladares recording] "I have summoned special sessions of the Legislative Assembly to decriminalize slander and injury and to repeal the infamous War Decrees, among other points. What I am demanding—and please believe me that I am sincerely doing this more as a Panamanian than as president—is that political passions not contribute to the spread of pessimism or project abroad an image of ourselves that is not real and we do not deserve. I do not believe a gagged or even controlled or threatened news medium can fulfill its purpose." [end recording]

[Gonzalez] As for the challenges of the 21st century, the president has said Panama is preparing to receive the Canal and to take advantage of the reverted areas:

[Begin Perez Balladares recording] "In the next 45 days, two meetings will be held sponsored by the UN Development Program; we held one called Encounter Panama 2000 a couple of months ago in Coronado. One of those meetings will be devoted to the Panama Canal Authority bill, and I understand you will be briefed on it tomorrow. The other will be devoted to the plan for the use, development, and conservation of the Canal area. I understand you will be briefed on it today. Following consultations with the broadest participation possible, the two bills will be submitted to the Legislative Assembly in the legislative period that begins on 1 September, God willing." [end recording]

[Gonzalez] Referring to other domestic issues, the president has denied the measures the state has implemented are imposed by international financial institutions, because nobody has put a gun to our head to negotiate, but the failure to do that would mean not having the financial support and resources necessary for the country.

When asked by reporters, the president said the executive is assessing several options to raise the competitiveness of the Colon Free Zone:

[Begin Perez Balladares recording] "No matter what the option is, it has to preserve the Free Zone as a competitive and free zone area. An option could be to return to the 8.5 tax rate or its gradual elimination if that is what the other free zones are doing. The important thing is to keep the free zone competitive, and we are working on that." [end recording]

[Gonzalez] As for the statements by the opposition that the negotiations with the United States on the possible permanence of U.S. bases beyond 2000 have not been formalized yet, Perez Balladares has said consultations with all the country's sectors will be done first:

[Begin Perez Balladares recording] "We will do this, but meanwhile, we are gathering information and viewpoints of the political parties, as they are means of political expression; this does not mean the government will not assume its responsibility, because we will. We want to do it but, rather, in the broadest manner possible, by giving participation to all those who want to comment, so nobody should say tomorrow the decision was not open to consultation." [end recording]

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Argentina

Argentina: New Economy Minister Views Market Reaction

PY3007125696 Buenos Aires TELAM in Spanish 0203 GMT 30 Jul 96

[FBIS Translated Text] Buenos Aires, 29 Jul (TELAM) — Argentine Economy Minister Roque Fernandez tonight said that he was pleasantly surprised by today's reaction of the stock market. He also reaffirmed that tax increases have been ruled out.

Fernandez told radio America Dos: "I was pleasantly surprised by the favorable reaction of the markets because it means that the people have realized that there is a firm will to continue changing Argentina."

Asked about his plans regarding the tax policy, Fernandez emphasized that "tax increases have been ruled out, but we must take a look at some exemptions to make sure that those who have less, pay less."

As to what he intends to do in Congress about bills related to his area Fernandez advocated their "approval," adding that "the legislators have told me that they will reconvene soon."

The new economy minister admitted that "there is still property to be privatized," but chose "not to make any announcements until conditions are right."

The minister did not avoid discussing unemployment. His answer was straightforward enough: "I have some plans for unemployment, but no magic formulas, because unemployment is not something one can fix overnight."

He concluded by saying: "Today I had a lengthy meeting" with former Minister Domingo Cavallo, who conveyed to him "some information that cannot be found in the files."

Argentina: Economy Minister on 'Rigorous' Fiscal Policy

MS3007090896 London FINANCIAL TIMES in English 30 Jul 96 p 3

[Report by David Pilling, incorporating remarks by Mr Roque Fernandez, Argentina's new Economy Minister: "Tax Changes in Store For Argentines"]

[FBIS Transcribed Text] Buenos Aires — Mr Roque Fernandez, Argentina's new economy minister, yesterday said he would pursue a rigorous fiscal policy and introduce some tax changes to repair the growing budgetary deficit that is threatening the country's agreement with the IMF.

Mr Fernandez, who was due to be sworn in yesterday evening, said he was considering raising fuel taxes, especially those on diesel, to increase revenue. However, President Carlos Menem, whose political backing for his new minister will be closely monitored in the next few days, immediately ruled out any tax rises.

Markets reacted calmly to Friday's surprise sacking of Mr Domingo Cavallo and his replacement by Mr Fernandez, with Brady bonds opening slightly higher in London and New York. The Merval index of blue-chip stock was 3.65 per cent higher shortly after trading began.

Ms Joyce Chang, head of emerging market debt research at Merrill Lynch, said the transition had been handled "maturely", with Argentine political, business and financial leaders throwing their weight behind the new minister. Even the departing Mr Cavallo backed Mr Fernandez.

"There's been a complete sea-change in sentiment in terms of linking Cavallo with the success of the continuation of the convertibility plan," said Mr Neil Lockwood, emerging markets economist at ANZ Bank in London. The viability of the convertibility plan, the government's economic cornerstone, had until recently been thought by many foreign investors to depend almost exclusively on Mr Cavallo.

Mr Fernandez, who at the weekend named his team of largely Chicago-trained economists, told foreign investors yesterday that he would cut spending and modify some taxes to rectify Argentina's increasingly wayward fiscal situation. He preferred to balance budgets than to take on new debt, he said.

Argentina would, nevertheless, need to seek a waiver from the IMF and renegotiate targets when the Fund visited Buenos Aires early next month, he said. A sluggish economy and low tax receipts have already caused the treasury to overshoot the $2.5bn (1.6bn pounds) deficit agreed with the IMF for the whole year.

Local analysts said much would depend on Mr Fernandez's ability to work with Congress to pass legislation.

"He doesn't have the same strong personality as Cavallo, but this had become a liability," said Mr Freddy Thomsen, economist at ING Bank in Buenos Aires. "Cavallo's relationship with Congress had become so bad that they were blocking legislation just because it came from him."

Legislators promised to work closely with Mr Fernandez and dispatch new legislation rapidly, especially that dealing with the privatisation of nuclear and hydro-electric plants, as well as airports.

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However, Mr Fernandez has said that draft legislation to tax luncheon vouchers, widely used in Argentina as a tax-free wage supplement, would not be withdrawn. Public outcry over this legislation had dominated the final days of Mr Cavallo's tenure.

Mr Lockwood of ANZ said doubts over the political effectiveness of Mr Fernandez remained, although he believed there would be an initial "hand of goodwill" extended to the new minister.

Argentina: Economy Minister Confirms Taxation Director

PY3007161696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1038 GMT 30 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 30 Jul (NA) — Brand-new Economy Minister Roque Fernandez has confirmed that Carlos Sanchez will remain at the helm of the General Directorate of Taxation (DGI) and that he will ask Walter De Fortuna to remain at the helm of the National Customs Directorate.

These two posts, which were the only ones on which Fernandez had not decided on yesterday when he announced the new economic team, will be occupied by government officials who accompanied Cavallo during his tenure.

The new economy minister said: "Sanchez will continue to head the DGI. I talked to him during the weekend and asked him to work for me. I will also ask De Fortuna to remain in his post, but I have still been unable to meet him."

Fernandez added: "The idea of increasing taxes has been rejected; our idea involves removing tax exemptions."

Domingo Cavallo's replacement noted: "I have a formula for the unemployment issue, but I don't believe I have a magic formula. This issue will not be resolved overnight. We must not raise false hopes on this issue." [passage omitted]

Argentina: Menem Rules Out Tax Hikes, Reaffirms Model

PY3007140696 Buenos Aires NOTICIAS ARGENTINA in Spanish 1933 GMT 29 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 29 Jul (NA) — Argentine President Carlos Menem today categorically ruled out that his administration is planning to amend taxes on fuel, or to increase taxes in general. He reiterated that after [former Economy Minister] Domingo Cavallo's replacement by Roque Fernandez in the Economy Ministry, "stability and convertibility will be maintained."

The chief executive stated: "Devaluation or tax increases are out of the question," adding that on the contrary, the government is planning to eliminate certain taxes "which distort Argentina's economy." This is something the new economy minister will have to study.

The president said: "Tax hikes on diesel oil and gasoline are absolutely out of the question," and made it clear that "all the measures to be taken will seek to improve the model, not reverse it or stall it."

Menem once again confirmed the continuity of the economic model, and reasserted that "the people can rest assured about that."

Speaking to Radio America and Radio Continental from the Olivos Presidential Residence, Menem emphasized that foreign exchange received for agricultural exports will "not be subject to withholding," and accused the leaders of the opposition of "seeking to recreate the crisis and disastrous situation" prevailing in 1989. [passage omitted]

Menem reiterated his confidence that Congress will "work harder to approve the pending bills related to the privatization of the Yacyreta hydroelectric dam and the nuclear power plants, and those aimed at making labor laws more flexible."

He underscored that "modern labor laws will help create new jobs," and insisted on the need to end tax evasion "through laws capable of curtailing one of the most offensive kinds of corruption, because it involves withholding from the people the money that the government needs to provide them with justice, security, education and health." [passage omitted]

Menem said that he will "always" uphold the current economic model "without any regrets" because thanks to this model "Argentina has changed significantly."

He went on to say: "We must improve the mechanisms that shaped and propelled this model, so that we will not stop, but keep moving ahead all the time. There is no question of going back."

The chief executive emphasized that because of the process of changes launched by his administration, "Argentina is one of the 22 countries whose citizens can go to the United States without a visa. Argentina has done things that used to be out of the question, we have changed, and all this has been accomplished by this administration."

He said: "There is no doubt that everything that has been done here in Argentina, began in 1989 with the proposal to reform the state, to implement a market economy, and to maintain strict fiscal and monetary discipline."

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Argentina: Menem Confirms Labor Minister Figueroa

PY3007134596 Buenos Aires TELAM in Spanish 0206 GMT 30 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 29 Jul (TELAM) — Argentine President Carlos Menem today confirmed Labor Minister Armando Caro Figueroa, adding that it is up to the minister to ask for leave of absence from his position as deputy for Salta Province.

"I have confirmed Caro Figueroa as minister of labor, and as far as his position as deputy for Salta Province is concerned, it is up to him to decide what he wants to do: He can either ask for leave or resign, but I have confirmed him as minister," Menem said, answering a question during a television program on America Dos TV channel.

The president, who was speaking from the Olivos Residence, explained: "There is a relationship among all the members of the cabinet, and former Minister (Domingo) Cavallo frequently consulted Caro Figuero about labor matters, as we all did. It does not mean that because of this relationship Caro Figueroa must share Cavallo's fate." [passage omitted]

Argentina: Main Opposition Party Rejects Economic Model

PY3007173496 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1057 GMT 30 Jul 96

[FBIS Translated Text] The Radical Civic Union [UCR] national leadership has warned the government that "it will be impossible" to solve the problems of unemployment and fiscal deficit if current economic policies are continued and deepened. The UCR demanded "a change of model, not of men."

The UCR National Executive Committee yesterday issued an institutional reaction to Domingo Cavallo's replacement, the designation of Roque Fernandez, and President Carlos Menem's confirmation of "the successful model implemented by this administration."

"If this model of desperate adjustments is deepened there will never be any solution to the country's grave problems," UCR leaders warned.

UCR President Rodolfo Terragno announced the beginning of a "round of consultations" with different economic and social agents in order to design a proposal that declares "war to unemployment and establishes a new fiscal policy."

"The deficit is the result of inefficiency, corruption, and an uncontrolled financial sector. We must find a common social strategy and proceed to design an economic and social development policy," Terragno said.

The UCR leader said that Menem and Fernandez' remarks on the continuation of the economic policy "seems to confirm that it was a simple change of man at the ministry, which again points at a new fiscal adjustment of a recessive nature."

These remarks were made following a UCR leadership meeting headed by Terragno at party headquarters. UCR Vice President Melchor Posse, Secretaries Victorio Bisciotti and Victor Fayad, UCR Congressional bloc leaders Senator Jose Genoud and Deputy Federico Storani participated in the meeting.

"This change at the Economy Ministry does not give us hopes for a better future. Prospects are for more recession, more adjustments, and more unemployment because the current policy does not have a single proposal to create jobs," the UCR leaders warned.

The UCR also pointed out that the only objective of the administration's economic policies — which will be continued by Fernandez — "is to have resources in the short term to fulfill government financial commitments."

The opposition leaders said that "without prejudging" the measures that the new economy minister will adopt, "the UCR warns about the risks of not taking advantage of the change in ministers to correct the course of this recessive policy that only creates unemployment and deficit."

"If these changes are not produced it will mean that Cavallo was dismissed because of his immoderate character and not because of the gravity of the plan's social effects and recessive character," the UCR leaders sustained.

Terragno added that "the social and economic crisis will be the same with a stubborn minister than with a conciliating minister."

Storani, in turn, pointed his daggers toward Fernandez saying: "It is not true that he has a background as an efficient servant because during the crisis produced by the Tequila effect only 30 percent of the financial system was under control."

"Evidence of this situation was the bankruptcy of the Banco Integrado Departamental. Besides, Fernandez was the third choice to replace Cavallo and that is a sign of weakness, not a sign of credibility," Storani concluded.

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Argentina: PJ Congressmen Support New Economy Minister

PY3007153596 Buenos Aires LA PRENSA in Spanish 28 Jul 96 p 4

[FBIS Translated Text] Justicialist Party [PJ] senators and deputies have decided to suspend the congressional winter recess to speed up the discussion of some laws, as a sign of support for the appointment of Roque Fernandez as economy minister.

This announcement was made by Senator Augusto Alasino, Deputy Ana Kessler, and Deputy Miguel Angel Toma at the end of a meeting with cabinet members at Government House. The deputies committed themselves to attempt holding a session on 31 July for discussing the privatization of the nuclear power plants. They trust that the replacement of ministers will translate into improved talks between Congress and the government.

The congressmen raised the possibility of achieving "much more fruitful and smoother talks" to explain the reasons for speeding up the approval of the bills that had been delayed in Congress since Cavallo's stint.

Toma announced that the PJ bloc in the Chamber of Deputies would be called to attempt unblocking the approval of the privatization of the nuclear power plants. Alasino added that the Senate would speed up the discussion of the new airport system and a complementary Yacyreta privatization bill.

Argentina: UCR Leaders Criticize Economic Program

PY2607231696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1104 GMT 26 Jul 96

[FBIS Translated Text] Buenos Aires, 26 Jul (NA) — Top leaders of the Radical Civic Union [UCR] have harshly criticized the effects of the current economic program. They stated that the friction between President Carlos Menem and Economy Minister Domingo Cavallo reflect that the government "is paralyzed and without leadership."

UCR National Committee President Rodolfo Terragno stated that Argentina feels there is a "lack of leadership" because President Menem "is paralyzed. He must react, accept his mistakes, and correct" the economic course.

In a communique Terragno emphasized that the country faces a "depression" which is the result of "a year and a half of recession, high-level unemployment, and deflation." He demanded "imagination, initiatives, and leadership" to change the situation.

Terragno said: "Menem is more concerned about the loss of power rather than about the causes of the problem. He is worried about his government's image if he fails to overcome this failure." He wondered if Menem "was looking into former Mexican President Carlos Salinas de Gortari's mirror."

Senator Leopoldo Moreau stressed that the UCR "is not conducting a campaign against Cavallo," but added that the government should realize "that the economic policy being implemented by Minister Cavallo has failed."

Moreau told a radio station that the country "obviously faces a very complex situation provoked by an ideological fanaticism and a rare fundamentalism." He thus alluded to the fact that "whenever anyone tries to discuss the economic policies, Cavallo threatens to resign."

Moreau reminded Menem that "after constantly conjuring the devil in his criticisms of former President Raul Alfonsin for what happened to him with some supermarkets for two or three days, he now has the devil sitting at his desk." Moreau thus alluded to the "peaceful" takeover of a supermarket by a group of retired people in Constitucion neighborhood.

UCR Deputy Jesus Rodriguez, opposition cabinet chief, suggested the government "should overcome stagnation and to throw two of its most harmful characteristics overboard: inflexibility and intolerance."

Rodriguez said: "We have a government that lost an election in the city of Buenos Aires by a very big margin. This government has conflicts in its cabinet, it lost two ministers in one week, and it has conflicts in its own party over the presidential succession."

Finally, Buenos Aires Province Deputy Juan Pablo Baylac, said people "do not care about the government's internal frictions, they care about the socio-economic crisis affecting the country."

Argentina: IDB President Lauds New Economy Minister

PY3007175896 Buenos Aires TELAM in Spanish 1428 GMT 30 Jul 96

[Report by unidentified correspondent]

[FBIS Translated Text] Washington, 30 Jul (TELAM) — IDB [Inter-American Development Bank] President Enrique Iglesias today confirmed the IDB's continuing support for Argentina and lauded the new economy minister, Roque Fernandez.

In a communique, Iglesias also lauded Domingo Cavallo over his performance, "heading the Argentine economic team, with President Carlos Menem's firm support, a performance that, without any doubt, has been a benchmark for Argentina and for the entire region."

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Iglesias added that he does not harbor the slightest doubt that the new economy minister, Roque Fernandez, who was a member of Cavallo's team as Central Bank president, "has excellent theoretical and professional credentials and has the IDB president's full support."

The IDB president's communique emphasizes: "The new economy minister represents an absolute guarantee that the course of those policies will be pursued."

Iglesias added: "The IDB has been supporting Argentina over the past few years in a sustained manner. It has been supporting Argentina's reform programs, and especially the programs for reducing the social impact. We will continue to fully support Minister Fernandez."

Argentina: Exchange, Interest Rates React Favorably

PY3007153296 Buenos Aires TELAM in Spanish 1918 GMT 29 Jul 96

[FBIS Translated Text] Buenos Aires, 29 Jul (TELAM) — The two financial indicators that best reflect the level of market confidence, namely, the U.S. dollar exchange rate and the interest rates, reacted favorably to Roque Fernandez' appointment as economy minister on the first day of his tenure.

As banks increased their demand for cash, the wholesale annual interest rate climbed to 8.26 percent, two points above the closing rate on 26 July.

Meanwhile, the exchange shops had a quiet day and the U.S. dollar closed at 100 pesos for $100 to sell, and 100.50 pesos for $100 to buy.

Only exchange shops in the suburbs were quoting the dollar high at 101 pesos to $100, but the exchange dealers reported that operations throughout the day remained at a normal level and only small quantities of U.S. dollars were purchased.

Wholesale exchange rates for the U.S. dollar stood at 100.13 and 100.18 for $100 sell and buy respectively, 17 cents below the closing exchange rate on 26 July.

For foreign trade operations, the U.S. dollar was being quoted at 99.99 pesos for $100.

Financial operators indicated that some banks moved to cover their position in case of a surge in the demand for cash which did not materialize after all.

The supply of cash by certain state banks at 8.40 percent annual rate helped maintain a comfortable level of liquidity in the financial system.

The "call" [preceding word in English] interest rate on U.S. dollars closed at 6.25 percent per annum and lesser companies managed to obtain cash at 9 percent per annum. Top-of-the-line companies borrowed at 8.70 percent per annum for 24-hour loans, and money was being offered at 9.30 percent per annum for seven-day loans.

On 29 July financial institutions issued $5 million worth of liquidity certificates due to mature on 2 September paying an interest rate of 4.95 percent per annum.

Argentina: Fernandez Named Acting Defense Minister

PY3007130696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0008 GMT 30 Jul 96

[FBIS Translated Text] Buenos Aires, 29 Jul (NA) — It was officially reported tonight that the executive branch appointed brand-new Economy Minister Roque Fernandez as acting defense minister until [Defense Minister-designate] Jorge Dominguez is installed in his post. Dominguez is scheduled to assume his post on 6 August.

Through Decree 874, Fernandez was formally appointed economy minister. Through decree 875, he was named acting defense minister.

Former Economy Minister Domingo Cavallo, who was appointed by decree as acting defense minister on 25 July, was originally scheduled to assume that post. But as we all know, he was dismissed the following day.

Through Decree 872, the executive branch "accepted the resignation" tendered by the former economy minister. All the decrees have been signed by President Carlos Menem, Chief of Cabinet Jorge Rodriguez, and Interior Minister Carlos Corach.

Through Decree 873, the executive branch accepted the resignation tendered by Fernandez as president of the Central Bank of the Argentine Republic.

Argentina: U.S.-EU Conflict on Helms-Burton Law Viewed

PY2607194096 Buenos Aires LA PRENSA in Spanish 23 Jul 96 p 13

[Editorial: "The Anti-Castroist Weapon"]

[FBIS Translated Excerpt] The commercial war between the United States and Europe, which was close to exploding, went back a step. It does not mean that the risk has totally disappeared, however, because a solution has only been postponed. This unexpected conflict originated in a controversial law — the Helms-Burton law — that tightens the embargo against Cuba in an effort to suffocate the Castroist regime. [passage omitted on Helms-Burton background material]

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Bill Clinton surrendered before the pressure, but with an eye on Cuban-American voters did not veto the law, but postponed its implementation until 1 February 1997, that is, until after the November election.

The decision did not please the Europeans, the Republicans, or the Cuban-American community. But it has made clear the economic and political interests of those involved in the conflict, which are of very doubtful ethical value.

The Europeans are possibly right, from a strictly legal viewpoint, with respect to the problem of extraterritoriality. It is surprising, however, to see them associated with a totalitarian regime when they usually claim to be jealous defenders of human rights and democracy. One of the conditions recently imposed by the EU for a broad commercial agreement with Mercosur [Common Market of the South] was democratic respect for human rights. Surprising.

No less noble is the U.S. intention to liquidate an ignominious political regime such as Castro's regime, although the purpose is tarnished by domestic electoral calculations. Also tarnishing this just purpose is the inappropriate way the U.S. attacks its European allies with arguments that, perhaps, will not stand up in any court.

Democracies' disagreements before one of the last decrepit bastions of Communism does nothing more than strengthen it. If Western countries really want, without disputes or hypocrisies, to eliminate this hindrance, they will have to unite and pressure the regime to put before it the only weapon that can destroy it: absolutely free elections supervised by the international community. Besides indiscernible events, there is no other way.

Argentina: Menem, Cavallo Agree On Wage Discount

PY2607193596 Buenos Aires TELAM in Spanish 1553 GMT 26 Jul 96

[FBIS Translated Excerpt] Buenos Aires, 26 Jul (TELAM) — Economy Minister Domingo Cavallo met this morning with President Menem at government palace to convey to him his support for the decision to maintain the 15-percent reduction on wages higher than 2,000 pesos in the several structures of the State.

This report was released by Media Secretary Raul Delgado during a news conference at the government palace press hall.

Delgado said that this morning Cavallo conveyed to President Menem "his agreement on the decision to maintain the 15 percent reduction on wages amounting to more than 2,000 pesos in the several structures of the State."

Replying to a journalist's request, Delgado said that "the economy minister came (to the government house) to convey to President Menem his agreement" for his decision.

Delgado noted that Menem and Cavallo discussed "details of the news conference granted by Cavallo last night on several aspects of the recent economic measures."

Delgado made it clear that the decision on the 15-percent salary reduction was "ordered by the president. Cavallo came to voice his agreement, and nothing else happened." [passage omitted]

Brazil

Brazil: Mercosur Expansion Seen As Anti-U.S. 'Strategy'

PY3107021296 Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Jul 96 Section 1 p 9

[Article by Nelson de Sa]

[FBIS Translated Text] The Brazilian Government believes that, by the end of this year, agreements will be concluded to expand Mercosur [Common Market of the South] — which today consists of Brazil, Argentina, Paraguay, Uruguay, and Chile — to the rest of South America.

The expansion of free trade in the region is part of the Brazilian strategy to ensure "balance" in Brazilian foreign relations.

The strategy has already produced an agreement between Mercosur and the EU in December 1995 and has strengthened Brazilian ties with Japan.

Foreign Minister Luiz Felipe Lampreia said: "We want to have a strong, balanced trade to spare us from having to depend on economic-trade relations with a major partner."

The "major partner" is the United States, which in December 1994 proposed — and it is today exerting pressure to move faster in this endeavor — the creation of the Free Trade Area of the Americas (FTAA), which would cover all of Latin America.

While Brazil does not oppose FTAA, it is against the pace and the proposed U.S. formula to create it — through negotiations with each country, rather than with economic blocs.

According to Lampreia, the Brazilian Government wants to avoid "a hasty, careless exposure of the

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Brazilian economy to a second shocking opening until our productive sectors have adjusted well to the first one."

According to the Foreign Ministry Economic Department, the "first opening" has caused U.S. exports to Brazil to double since 1989."

Lampreia added that U.S. exports have doubled. He noted, however, that there has been no reciprocity regarding Brazilian products because until today "they are subjected to several protectionist measures" in the United States.

Justifying the U.S. interest in promoting FTAA, during a lecture at the National Confederation of Industry, U.S. Trade Representative Michael Kantor made the following public statement in Brasilia in March:

"U.S. exports to Latin America are now closer to U.S. exports to the EU. We believe that by 2010, our exports to Latin America will reach $232 billion — more than our exports to the EU and Japan combined."

Kantor added: "In 1995, Brazil was our fastest growing export market in the region."

An example of economic-trade "dependence" for Itamaraty is Mexico, which is a NAFTA member today; that is, the free trade agreement led by the United States in North America.

Eighty percent of Mexico's foreign trade is linked to the United States. The Mexican Government has gone as far as proposing an agreement between Mexico and Mercosur in an effort to restore "balance."

Mercosur's expansion in South America should follow the pattern set by the partial agreement signed with Chile; that is, through negotiations between the Mercosur bloc and each country, separately. This has been known as the four plus one free trade accord formula.

Bolivia and Venezuela are next in line to sign a free trade accord with Mercosur. Negotiations are also in quite an advanced stage with member countries of the Andean Community — Colombia, Ecuador, and Peru.

The signing of all these agreements will ultimately result in the creation of the South American Free Trade Area (SAFTA), which had been proposed by the Itamar Franco administration.

Ruy Carlos Pereira, head of the FTAA coordination team at Itamaraty, said that if "strengthened," Mercosur "will stand better chances of holding successful negotiations" with the United States.

According to Pereira, the agreements with Bolivia, Venezuela, Colombia, Ecuador, and Peru should be concluded by December.

FTAA is now going through a stage of technical negotiations among working teams, with the next meetings scheduled for 31 July-1 August in Washington.

A more political meeting is to be held in Florianopolis on 15-16 August, which will be designed to prepare the ministerial meeting to be held in Belo Horizonte in early 1997.

Brazil is presiding over the FTAA negotiation process.

Brazil: U.S. Policy Toward Cuba, Iran, Iraq Viewed

PY3107013796 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jul 96 p A3

[Editorial from the "Notes and Information" page: "The Policy of the United States]

[FBIS Translated Text] The U.S. presidential election campaigns are usually marked by a dichotomy between foreign policy and domestic matters. When voting, Americans must be convinced that their candidate has a consistent program to straighten out problems like health, education, taxes, and other economic aspects. These matters are considered immediate priority concerns to the detriment of eventual foreign policy accomplishments.

President Bill Clinton himself, when a candidate for the presidency in 1992, benefited from this fact. His solid domestic platform, together with his image as governor of Arkansas, counterbalanced the good foreign performance of President George Bush, who orchestrated the U.S. triumph over the former USSR in the Cold War and over Iraq in the Persian Gulf War, besides starting the peace process in the Middle East. Having won the election, Clinton assumed, sometimes successfully, the inevitable task of being a world leader which, by the way, affects the U.S. economy even though such a fact is not obvious for the ordinary U.S. voter. In this election year, the U.S. President is trying to overcome this dichotomy which, after having dedicated so much to foreign policy, could turn against him. The targets of his strategy were Cuba and Colombia, and now Iran and Libya must be added.

The downing of the Cessnas belonging to the anti-Castro organization Brothers to the Rescue by Cuban MiG's have made the U.S. President change his mind. He approved a package of sanctions against companies that carry out business with Cuba using properties confiscated by the Cuban revolution, so as to attract the vote of the large Cuban-American community. As for Colombia, the acquittal of President Ernesto Samper by the Colombian Congress was not enough to deter the U.S. State Department from denying him an entry visa, thus implementing an extraordinarily harsh

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policy toward Colombia. Such action seeks to meet the demands of an electorate concerned with the drug issue.

In the heat of the TWA jumbo jet crash — the investigation of which is not over and in which an attack has not been ruled out — the U.S. Congress approved a package of sanctions against Libya and Iran with the same extraterritorial spirit of the measures against Cuba, but for a different reason: The sponsorship of international terrorism. President Bill Clinton said that he will sign the bill. The law demands that the President apply at least two of six sanctions against foreign companies that invest a minimum $40 million per year in oil and natural gas in Iran and Libya. These sanctions include vetoing the importation of their products to the United States; prohibiting the Federal Government from buying their goods and services; blocking loans above $10 million per year by any American financial institution; forbidding Eximbank assistance; restricting operations with U.S. Government bonds; and denying export permits for controlled technology goods to companies liable to be sanctioned.

The U.S. President is thus adding war against terrorism to the fight against the Castro dictatorship and drug trafficking. At the same time, he is trying to minimize another problem. Just like Cuba, Iran and Libya were already under a U.S. embargo. Many American businessmen were simply exasperated by the sanctions against these countries, given that they had been forced to helplessly watch while their foreign competitors profited from business with these countries. To lift these embargoes in opposition to Congress, however, would be like asking to be massacred by the Republicans. Therefore the alternative Clinton has found is to try to universalize the sanctions, demanding that the U.S. partners choose: "Either us or them."

The EU is preparing sanctions and charges in the WTO, and Mexico, Canada, and Japan are also expected to announce concrete measures. The U.S. package of measures could be counterproductive in the near term. The elections, however, are scheduled on a short term. Meanwhile, Clinton has already postponed for six months the application of part of the sanctions against Cuba, that is, until after the elections. For the U.S. President, timing [preceding word in English] is the password for reelection.

Brazil: Insolvent Financial Groups Find New Solutions

PY3007234696 Rio de Janeiro JORNAL DO BRASIL in Portuguese 28 Jul 96
Business and Finance Section p 1

[Article by Gilberto Scofield Jr. and Daniela Kresch]

[FBIS Translated Text] Not only huge amounts of funds from the Program to Encourage the Reorganization and Strengthening of the National Financial System [Proer], which is meant to reorganize the banks and to prevent financial institutions from going bankrupt, have been taming the tornado of insolvency and lack of reserves that has been turning the banking and industrial areas of Brazil upside down. Thank God there is also the insurance sector to help in this task. Nowadays, the insurance companies have been preventing the financial hole of banks and industries from becoming larger. The most recent example of that has been the incorporation of the Bamerindus insurance company into the bank's balance sheet as a way of improving the bank figures.

In accordance with the classification of the National Insurance Companies Federation, the Bamerindus insurance company was the fourth largest insurance company in the country in 1995, with almost 900 million reals [R] in premiums. This company has proven sufficiently profitable to have its figures included among those of the bank and to make the figures of former Minister Andrade Vieira's bank go into black again. Nevertheless, this is not all. When the Sul America insurance company signs the contract for the purchase of the Santa Cruz and Itatiaia insurance companies, which belong to the Arbi group, it will not only be putting back into its consolidated balance a portion of the R400 million lost with the split of the Sul American Unibanco Insurance Company. The money resulting from the transaction — R48 million — will help the Arbi group, which belongs to entrepreneur Daniel Birmann, to balance its accounts and stop selling shares, which is something uncharacteristic of a group that, in the good old days, used to have a profit of as much as R1.4 billion. "The insurance companies attract medium- and long-term reserves and are even more solid than other institutions that work with volatile capitals," Santa Cruz' Henrique Saraiva said.

The Sul America Insurance Company is relentlessly negotiating with the Bank of Brazil the possibility of becoming the bank's insurance company, under the name of BrasilSeg. In five years, BrasilSeg will probably be among the country's five largest insurance companies. This is good news for Sul America, which is a giant company with a yearly balance sheet of more than R3 billion. The group does not need that, but it will incorporate 3,000 of the Bank of Brazil offices into its

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insurance bonds-selling network. This is good news for the Bank of Brazil also, which decided to bet highly in the insurance sector in order to increase its profitability and reverse the more than R6 billion losses forecast for the first six months in 1996. "We will use the insurance sector to increase the bank's profitability," BrasilSeg President Luiz Felipe Denucci explained very clearly.

This week expectations concentrate on the Bradesco Seguros company. The enterprise will report its 1995 profit. An unbelievable total of R200 million [as published] is expected. In accordance with the Bradesco group's latest balance sheet, the results the group obtained in the insurance sector (which includes private social security institutions and capitalization) as well as in the industrial sector, stood at 88 percent of the group's overall profit. This means that only R51.7 million of the R431 million profit Bradesco had from January to June (12 percent) were contributed by the bank. After a few calculations, we can realize that the insurance company's profit represents 45 percent of the entire group's profit.

Last year, the profit of the Bradesco Seguros company was higher than that of the bank. At the end of the year its profit stood at R345 million, while the entire holding [preceding word in English] had a R540 million profit. Lazaro de Mello Brandao said on 24 July, at the time of reporting the balance sheet for the first six months of the year, that the insurance company had been fundamental in obtaining those good results in the period.

"It cannot be denied that the insurance companies are helping the banks and other enterprises to overcome a little better the adjustments being implemented in the economy," Marcio Coriolano, head of the Private Insurance Superintendency, said. This superintendency looks after the financial health of the insurance area, which is currently responsible for 2.5 percent of the GDP. Five years ago, it was responsible for only 1.5 percent. Banks, however, which were responsible for 13 percent of the GDP in 1990, were responsible for only 7.7 percent in 1995. "Enterprises are investing very much in the insurance sector, as well as in that of capitalization. Both yield high profits. Brazilians have never worried very much about the insurance sector, but this is changing," Lauro Vieira de Faria, chief editor of the CONJUNTURA ECONOMICA magazine published by the Getulio Vargas Foundation, said. "As a result of economic stabilization, Brazilians can plan their future better and, from this viewpoint, insurance is fundamental," Coriolano said.

Brazil: Military Police Situation in Acre Analyzed

PY3007225096 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Jul 96 p A3

[Editorial from "Notes and Information" page: "Acre's Serious Situation"]

[FBIS Translated Text] A request that can be deemed "pressing" has been lying on Attorney General Geraldo Brindeiro's desk for weeks. By meeting this request or not, one can literally have power over life and death. At first sight, federal intervention in Acre State has, as the only solid reason, the need to protect public resources. If this were the only reason, one could accept a certain extent of delay because, after all and at least theoretically, allocations can be entirely replaced. The urgency of the request, however, is not linked to financial reasons. Wagner Goncalves, federal attorney for the rights of citizens, and Acre Federal Attorney Luis Francisco de Sousa have already formally asked the justice minister to instruct the Army to conduct a "special inspection" concerning the Military Police of Acre State. The reasons for that is that a certain family has taken over the Military Police command and has been using the institution to settle accounts.

The situation in the state is entirely out of control. During a "trade" dispute, a drug trafficker murdered a Military Police sub lieutenant, who was Military Police Commander Hildebrando Pascoal's cousin. Since then, the Military Police Company for Special Operations, a unit that was created last January, has been in charge of performing but one task: Chase the murderer. There are no limits to their actions. One of the wanted drug traffickers, who was charged with having helped the murderer escape, has had his arms and legs sawed off before being executed. Witnesses assert that the Military Police has kidnapped three of the children of this "security man." In a meeting called by the president of the Acre Court of Justice and by the Federal Police superintendent for Acre State, the commander of the Acre Military Police said that tempers are flaring among the Military Police troops and that the command no longer has any control over them.

What else will be necessary in order to make the attorney general comply with what the laws establish in situations such as this one? It has been reported that Acre Governor Orleir Cameli has a very influential friend — Narciso Mendes — who is an entrepreneur in the areas of civil construction and communications and had gone bankrupt. According to repeated comments made by Rio Branco Mayor Jorge Viana, during Cameli's first months in office, the governor solved all of his friend's problems. Viana was referring to the fact that Mendes' construction company headed the pool of enterprises

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that was remodeling the Rio Branco hospital and First Aid Clinic and paving all the local roads. How? With what resources? No one can answer these questions because since January the state of Acre has been paying the local public employees only half of their salaries. The answer to these questions may be contained in the explanation Mendes gave to the press about his never going to the government palace: "I discuss my businesses with Cameli at my home or his home."

Before the situation develops into something worse still, it may perhaps be the time for the federal administration to decide to reestablish public order in the state of Acre. Should this be done urgently or, as it seems that the administration is doing, postpone the decision until the end of vacations (which are already about to finish), thus giving the international organizations or NGO's the possibility of saying that the administration is inert in the face of certain situations?

Brazil: Cardoso Announces New Stage of Agrarian Reform

PY3007172896 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 30 Jul 96

[FBIS Translated Text] President Fernando Henrique Cardoso announced he will use land owned by the Bank of Brazil for the agrarian reform program. In his weekly radio program, the president said he will settle 60,000 families during his administration.

[Begin Cardoso recording] On 8 August, the Agrarian Reform Ministry will begin a settlement program using land that currently belongs to the Bank of Brazil. The INCRA [National Land Reform and Settlement Institute] has purchased the Santo Idelfonso farm, in Barra do Garcas, Mato Grosso. Its 18,000 hectares are enough to settle 300 families. By 15 August, the government will buy the Nossa Senhora de Fatima farm, in Rio Grande do Sul, to settle another 65 families.

I know this is not enough for the many workers who do not have a piece of land to produce. However, we will comply with the goal of settling 60,000 families this year. Yesterday I signed some more bills confiscating land. During my administration alone, 2 million hectares of land have been confiscated. The important issue is that the purchase of these two farms marks the beginning of a new land policy in Brazil.

The Bank of Brazil has at least 300 more properties that can be incorporated into the agrarian reform program. These properties belonged to borrowers who did not repay the bank. The Bank of Brazil and 10 other state banks want to sell their land stocks to INCRA. The Agrarian Reform Ministry is ready to take an ambitious step: To integrate private banks in this Agrarian Reform Ministry. This is another effect of the Real Plan which stabilized the currency and gave credibility to the government papers. The Agrarian Debt Title, TDA, is issued by the National Treasury and used as currency by INCRA. We have enough TDA's to implement the whole agrarian reform program. The TDA is an instrument that serves everyone; it serves the government because it is a debt that will be repaid; it serves land owners who receive a strong title in payment; and it mainly serves those who need land to work.

The main objective of this new agrarian reform policy is to involve the whole society, which can help Brazilians obtain a plot of land. The banks are beginning to participate. The church is finishing a list of the properties it owns. The Army has placed more than 6 million hectares at the disposal of the agrarian reform.

I have a very good piece of related news to announce before ending this program today. On 20 August, I will give one landless family the first plot from the 6 million hectares donated by the Army for the agrarian reform program. These areas, despite having good land, were not producing anything. Now, the land will pass from those who hardly looked after it, to those who can produce food and wealth for the country. [end recording]

Brazil: Cardoso, PSDB Leaders Hold 'Secret' Meeting

PY3007025296 Rio de Janeiro O GLOBO in Portuguese 27 Jul 96 p 8

[Article by Tales Faria]

[FBIS Translated Text] During a meeting held at Planalto Palace on 24 July, President Fernando Henrique Cardoso confirmed to PSDB [Brazilian Social Democracy Party] leaders that he plans to reshuffle his cabinet after the municipal election. The meeting is being treated as highly secret by those who attended it: President Cardoso; Senator Teotonio Vilela Filho (AL) [Alagoas], president of the PSDB; Deputy Arthur Virgilio Netto (AM) [Amazonas], secretary general of the PSDB; Senator Sergio Machado (CE) [Ceara], the PSDB leader in the Senate; Deputy Jose Anibal (SP) [Sao Paulo], the PSDB leader in the Chamber of Deputies; and Communications Minister Sergio Motta, who always attends this type of meeting.

They have gone as far as denying that they had met. Yet, after the meeting, those who attended it started to openly discuss issues they had regarded as taboo earlier.

Although insisting that he had not attended the meeting, Sen. Vilela said: Let no one doubt that there will be cabinet changes after the election.

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Vilela added: There was no meeting, but I always confer with President Cardoso.

Machado said: What meeting? I was not even at Planalto Palace on 24 July.

Deputy Netto said: There was no meeting.

All three of them, and Jose Anibal, faithfully complied with President Cardoso's orders: what they had discussed could not be leaked to the press. This is the new PSDB approach of not committing themselves. Yet, between 25 and 26 July, those who attended the meeting ultimately gave detailed accounts of it to the PSDB members who were not present.

President Cardoso insisted on his plan to appoint Luis Eduardo Magalhaes, president of the Chamber of Deputies, as the administration's political coordinator. Yet, he said he does not know whether Magalhaes will simply become the political coordination minister, replacing Luiz Carlos Santos; or whether that ministry will be broadened to include the duties of the civilian household chief, or if Magalhaes will become the new justice minister.

Cardoso stated that he is a PSDB member and that most members of his cabinet are from the PSDB as well. Thus, he said his fellow party members need not worry about the PMDB [Brazilian Democratic Movement Party] and the PFL [Liberal Front Party] setting the course of the administration, even after the cabinet reshuffle. He noted, however, that he deems it legitimate for political parties to try to absorb a greater share of power and that he cannot stop negotiations among pro-government parties.

It was Motta who raised the need of implementing a cabinet reshuffle and of strengthening ties with the PMDB and the PFL in order to consolidate a support base in Congress to approve the reelection bill. Yet, when Motta spoke of reelection and the PSDB leaders repeated his arguments, Cardoso sidestepped the issue. In his opinion, it is paramount to ensure the survival and strengthening of the social-democratic program in Brazil, irrespective of who does it.

Vilela, Netto, Machado, and Jose Anibal had asked to meet with the president to discuss the rebellion provoked within the PSDB rank and file by PSDB members holding public office, President Cardoso included, having developed close ties with the PMDB and the PFL. Yet, after the 24 July meeting, the PSDB members changed their pitch. The PSDB leaders started to minimize the issue.

Speaking in Congress the next day, Machado said: Politics entails feelings and we are understanding each other quite well.

Brazil: Congress Goes Into Recess Until 6 Aug

PY3007031796 Sao Paulo AGENCIA ESTADO in Portuguese 2146 GMT 26 Jul 96

[Report by Rosa Costa]

[FBIS Translated Text] Brasilia, 26 Jul (AE) — The Chamber of Deputies and the Senate today started a recess which will last until 6 August. The activities of the congressional committees remain suspended and the sessions to be held on the congressional floor will be filled with the speeches of the few congressmen who will remain in Brasilia. No bill will be voted on. Debate on the social security reform will only be resumed on 7 August when the government leaders will choose a rapporteur for the reform proposal.

Until 1100 in the morning of 26 July, only 27 deputies had arrived at the Chamber of Deputies. The minimum quorum required to open a congressional session is 10 percent of the deputies, i.e. 52 deputies. In the Senate, only five congressmen were present. The government leaders have already traveled too.

Although praised by President Fernando Henrique Cardoso, the result of the special congressional summoning in the Senate remained below the expected level. President Cardoso made a list of the 17 proposals that should be voted during the month of July, but only six of them were indeed debated. During most of the deliberating sessions, matters that were the exclusive responsibility of the Senate — such as credit operations for municipalities, international accords, and messages assigning authorities for diplomatic missions or for the courts — were voted on.

At the beginning of the special congressional season, the administration made a list of six proposals that were in the Senate, ready to be voted on on the congressional floor. Only one of them — the one that institutes the Military Statute — was put under debate. Still on the agenda are the proposal that withdraws the ineligibility of patents on the basis of similarity, the Brazilian Traffic Code, two draft bills about expropriation for agrarian reform purposes, and the one that expands protection to computer software.

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Brazil: Bank of Brazil Registers 7.8 Billion Reals Loss

PY2907191296 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 29 Jul 96

[Commentary by Miriam Leitao]

[FBIS Translated Text] The Bank of Brazil today announced losses of 7.8 billion reals during the first half of 1996. This is the largest bank loss in the world. The bank is now smaller than it was in December 1995, despite having received 8 billion reals from the Treasury to increase its working capital.

The Bank of Brazil is nonetheless a better bank today. The current balance shows that $5.5 billion have been deposited to guarantee the return of bad loans. The Bank of Brazil decided to assume all its problems, which it used to hide under the carpet. Bank of Brazil President Paulo Cesar Ximenes has said the bank should register profits on the second half of the year.

Brazil: Radiobras Signs Exchange Agreement With XINHUA

PY3007012496 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 29 Jul 96

[Report by Marcia Pompeu in Brasilia]

[FBIS Translated Text] The Brazilian Radiobroadcasting Company [Radiobras] has signed an agreement with the Chinese news agency XINHUA.

The agreement was signed in Brasilia by Radiobras President Maurilio Ferreira Lima and by the XINHUA vice president. Commenting on the significance of the agreement, Ferreira Lima said Brazil is seeking to further ties, especially in the area of communications, with countries with which it is already maintaining other types of exchange.

[Begin Ferreira Lima recording] All Brazilians know about China and about its millenium-old culture, and there is great interest here about what is happening today in China, such as the major economic changes from which we could learn a great deal. Thus, the agreement on exchange of information, especially in economic and political areas, is highly significant for us. [end recording]

This has been Radiobras' second agreement with a foreign news agency. The first one had been signed with an Egyptian news agency. Radiobras plans to sign more agreements of this type.

Brazil: Negotiated Solution to Dispute With Japan Sought

PY2907124296 Sao Paulo GAZETA MERCANTIL in Portuguese 25 Jul 96 p A4

[Report by Livia Ferrari]

[FBIS Translated Text] Industry, Commerce, and Tourism Minister Francisco Dornelles believes "Brazil and Japan will follow the course of bilateral negotiations" to resolve the impasse concerning the automobile sector Provisional Measure (MP).

"Agreement will be reached sometime, and the MP will not be modified," he said, confident that Japan will not submit a formal complaint against Brazil to the WTO. This opinion is shared by Jose Goncalves Botafogo, secretary general for integration, commerce, and economic affairs of the Foreign Ministry.

Representatives of the two countries held a round of negotiations on 24 July in Geneva, Switzerland. Minister Dornelles said the Brazilian Government still wants Japan to adopt a quota of imported cars paying lower tariffs. That is, Brazil could import a specific quantity of Japanese cars at a 35-percent tariff, paying 70-percent on those above the quota. The objective of the proposal is to accommodate Japanese interests. Among the countries that have yet to install car assembly plants in Brazil, Japan and the ROK rank as Brazil's main car suppliers.

Meanwhile, Brazil continues to consult with the other countries (the United States, the ROK, and European countries) that are displeased over the MP. Such negotiations have not ruled out the possibility of adopting quotas and reduced import tariffs.

Between 1991 — the start of the commercial opening — and June 1996, Brazil imported 90,000 Japanese vehicles. This is equivalent to 30 percent of Brazilian car imports. Next come 70,000 cars from the ROK, which account for 23.7 percent of imports over the period.

Brazil: Cardoso Says Car Aid 'Interferes' With WTO Talks

PY3007033196 Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Jul 96 Section 2 p 5

[Article by Daniela Pinheiro]

[FBIS Translated Text] The federal administration will issue a new provisional (MP) measure establishing specific benefits for car-assembling companies that build their facilities in the North, Northeast, and Center-West Regions.

President Fernando Henrique Cardoso made this decision on 25 July. Deputies and senators have included

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these specific benefits in the MP dealing with the automotive sector. The original text of the MP did not differentiate these benefits per region.

Cardoso believes that the tax-exemption proposal suggested by the congressmen interferes with negotiations held with the WTO.

In Cardoso's opinion, exemption of the IPI [Industrial Products Tax] should not be included in the tax exemption plan meant for car-assembling companies that build facilities in the aforementioned regions.

Presidential spokesman Sergio Amaral said: "To change the rules at this stage would make negotiations more difficult. We could adopt other sorts of specific benefits."

The alternative would be to reissue the original text — which already contemplates a 50-percent reduction of the II [Import Tax] for car-assembling companies functioning in the Southeast and South Regions — and send to Congress the proposal for the Northeast, North, and Center-West Regions.

The text that has been modified by the congressmen after being drafted by Deputy Carlos Aleluia (PFL-BA) [Liberal Front Party - Bahia] — contemplates full exemption of the II, the IPI, and the Financial Operations Tax for companies that build facilities in those regions in the future.

Benito Gama (PFL-BA), government leader at the Chamber of Deputies, said on 25 July that Aleluia's report should not even be sent to the floor of Congress.

On 25 July, governors of the South and Southeast Regions agreed to press Congress to change the text of the MP that has been modified by deputies and senators.

If the new MP is issued with the specific benefits, the governors will also work against it, FOLHA DE SAO PAULO found out. At least three of them have already said that. "We will press Congress through our blocs. Parana Governor Jaime Lerner (Democratic Labor Party) has spoken to me and authorized me to speak on his behalf," Minas Gerais Governor Eduardo Azeredo (Brazilian Social Democracy Party) said.

He added that the change in the MP creates a real tax-free zone in the Northeast Region. "This can't be. Free zones are only meant for limited regions and very specific cases," he pointed out.

Even Maranhao Governor Roseana Sarney indirectly criticized the modification made in the MP text. "I cannot go against a MP that benefits the Northeast Region, but I do not trust the measure to bring investment to the region," she said.

Antonio Britto, who was elected governor of Rio Grande do Sul State through the Brazilian Democratic Movement Party, thinks that the MP "does not benefit the economy and creates political splits."

Brazil: Import Quota Adopted To Settle Auto Dispute

96SM0465A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jul 96

[Unattributed article: "Quota To Be 40,000 Vehicles Per Year" — received via Internet]

[FBIS Translated Text] Within the next few days, the government will announce the adoption of quotas for imports of vehicles at a reduced rate of tax on makes not included in the automotive agreement. That was the solution adopted by the government for resolving the impasse with Japan, which is threatening to make a formal complaint to the World Trade Organization (WTO). And, to overcome the impasse created when the provisional measure was changed by Congress to establish privileges for the North, Northeast, and Center-West, it will issue a provisional measure containing specific rules for those regions.

Although not officially set, the quota will probably be 40,000 vehicles per year. This means that makes not included in the program—that is, firms that have not pledged to produce vehicles here and export them—will be able to bring in up to 40,000 vehicles per year by paying an import tax on half of them—compared to 35 percent today, the same rate applied to firms registered with the program.

The rate on the rest will be 70 percent. Also not established was the system that will be used to divide the quota. But it is probable that the idea already adopted in Argentina will also be adopted here—that is, the division will be based on each brand's share of the market. Assembly plants already established in Brazil were consulted by the government and accepted the system. That total of 40,000 vehicles equals the number of imports recently forecast for this year by the Brazilian Association of Vehicle Importing Companies (Abeiva), which represents over 30 makes that do not have plants in Brazil.

Adoption of the tariff quota will mean that those makes can increase their planned imports. They will be able to combine orders for vehicles covered by the quota and those not covered, thus equalizing prices. The pressure by Japan originated with firms in that country which are not part of the automotive program. One example is Toyota, Japan's largest assembly firm, which demanded that the organizations representing assembly firms in

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that country put pressure on their government to take action against the Brazilian rules.

Toyota is interested in the adoption of quotas so that it can continue to import automobiles at competitive prices. Toyota has not yet decided to invest in an automobile plant in Brazil, although it is demonstrating an interest in doing so. Toyota's industrial activity in Brazil is limited to a small plant producing outmoded lines of utility vehicles. Although it has a plant here, the firm has not joined the automotive program because it cannot yet promise to export.

Brazil: FHC Sets Incentives for Regional Car Makers

96SM0465B Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Jul 96

[Article by Daniela Pinheiro: "Cars: Government Tries To Adapt Incentive to WTO" — received via Internet]

[FBIS Translated Text] FHC [Fernando Henrique Cardoso] has decided to issue a new MP [provisional measure] for the automobile industry with specific incentives for the Northeast and other regions.

Brasilia—The government is going to issue a new MP providing special incentives for assembly plants establishing themselves in the North, Northeast, or Center-West.

The decision was made yesterday by President Fernando Henrique Cardoso. The incentives were included by deputies and senators in the MP dealing with the automobile industry. The original text did not provide different benefits by region. FHC feels that the proposed exemption from taxes—as inserted by the congressmen—interferes with the negotiations underway with the WTO (World Trade Organization).

In FHC's opinion, exemption from the IPI (industrial products tax) should also not be included in the incentive plan for assembly plants in those regions.

"Changing the rules at this moment would make the negotiations more difficult. Those incentives could take another form," said Sergio Amaral, spokesman for the Office of the Presidency.

The alternative would be to revise the original text—which already provides a 50 percent reduction in the II (import tax) for assembly plants in the Southeast and South Regions—and submit the proposal for the Northeast, North, and Center-West to Congress. The text as altered by the congressmen—and produced by Deputy Jose Carlos Aleluia (PFL [Liberal Front Party], Bahia)—provides complete exemption from the II, the IPI, and the IOF (financial operations tax) for future plants in those regions.

The government leader in the Chamber of Deputies, Benito Gama (PFL, Bahia), said yesterday that Aleluia's report would probably not even be presented to the plenary session.

Governors

Yesterday, governors in the South and Southeast Regions agreed to put pressure on Congress to change the text of the MP as altered by deputies and senators.

If the new MP containing the special benefits is issued, the governors will also work against it, FOLHA DE SAO PAULO has learned. At least three of them have already expressed that intention. "We will put pressure on Congress through our congressional blocs. Jaime Lerner (the PDT [Democratic Labor Party] governor of Parana) spoke to me and authorized me to speak in his name," said Minas Gerais Governor Eduardo Azeredo (PSDB [Brazilian Social Democracy Party]).

He said that the change in the MP would in fact create a free zone in the Northeast. "That is not possible. A free zone should exist for limited regions and for very specific cases," he noted.

Even Roseana Sarney, governor of Maranhao, indirectly attacked the change in the text of the MP. "I cannot be against an MP that benefits the Northeast, but I feel that the measure is not going to bring investments into the region," she said. In the opinion of Antonio Britto (PMDB [Brazilian Democratic Movement Party]), governor of Rio Grande do Sul, the bill "does not benefit the economy, and it is divisive politically."

Brazil: MICT Fears Outside Resistance to Auto Regime

96SM0465C Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Jul 96

[Article by Denise Chrispim Marin: "Measure Will Probably Generate Conflict in MICT" — received via Internet]

[FBIS Translated Text] The minister is opposed to regional incentives.

Brasilia—The special automotive regime for the North, Northeast, and Center-West Regions is expected to generate more conflicts and controversies within the administration itself. For months the MICT (Ministry of Industry, Commerce, and Tourism) remained uncompromising. It did not want a special regime for the regions.

Deputy Jose Carlos Aleluia (PFL [Liberal Front Party], Bahia), rapporteur for the MP [provisional measure]

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dealing with the automobile industry, talked to Ministry Francisco Dornelles four times—and to experts in the ministry on two other occasions.

No progress was made. FOLHA DE SAO PAULO has learned that there is little chance that the MICT will reverse its previous stand.

The ministry fears that the pledge by automobile firms to make direct investments in our country—on the order of $17 billion—will be retracted or changed as a result of the new MP.

Generally speaking, Brazil would once again be changing the rules of the game, at least in the eyes of its trading partners. The ministry fears that the new MP will create more foreign resistance to the Brazilian automotive regime, which may be challenged before the WTO (World Trade Organization).

FOLHA DE SAO PAULO has learned that the government gave in because it needs support in the vote on the social security, tax, and administrative reforms.

And it has already seen the first gesture of good will on the part of the congressmen: the constitutional amendment establishing the CPMF (temporary tax on financial movement) was approved. Yesterday Aleluia submitted to Clovis Carvalho, minister-chief of the Civilian Household, a list of the incentives he wants to see included in the new MP. They include exemption from the IPI (industrial products tax) and Cofins (social investment contribution) for firms in the industry which set up facilities in the region.

Brazil: Establishment of Auto Incentives Analyzed

96SM0465D Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jul 96

[Editorial: "A Blow at the Union" — received via Internet]

[FBIS Translated Text] It is a coincidence speaking well for the times in which Brazil lives that the executive branch finds itself in cross fire because of the provisional measure [MP] dealing with the automotive regime. The thing that draws attention is the source of the fire: on one side we find Japan in the World Trade Organization (WTO), where it is challenging the tariffs established and even the benefits granted by the MP in question; on the other side are the blocs representing the Northeast, North, and Center-West in the National Congress, where they are the majority. A philosopher from the school of the Cynics would say that those are the consequences of combined development, not to say globalization. An observer more concerned about Brazilian problems might say that in the name of giving those Brazilian regions entry into the new era now opening up, the blocs in Congress may be dealing a death blow within the Federation—since they are attacking the Union!

It is no doubt necessary to examine as calmly as possible the decision by the joint committee in Congress that examined Provisional Measure No. 1,483. The required calmness does not prevent amazement from overtaking anyone trying to discuss the matter, since what was voted through is in fact the result of built-up resentments against the South and Southeast (especially Sao Paulo) combined with a pre-capitalist view of what the market economy is. Not to mention the fact that as is shown by the way in which the benefits for those regions were approved, the intention was to make the executive branch the prisoner of those blocs, because if the president of the republic vetoes the benefits granted to the Northeast, North, and Center-West, he will also be vetoing what was intended to apply to Brazil in general, thus obviously harming the South and Southeast.

The provisional measure was general in character and granted fiscal and tax benefits without specifying any regions—since doing so would have been downright foolish. The joint committee decided in favor of political foolishness: all industrial firms complying with the general rules of the automotive regime and establishing themselves in those three regions will enjoy much greater benefits than firms deciding to come to *or remain* in the South or Southeast Regions. The deputies who voted for the conversion bill [a bill converting a provisional measure into law] did not reason legally, politically, or economically: it was regionalist feeling (which is beginning to take shape as a stand not *in favor* of one region but against others) that inspired them. That and the desire to needle the executive branch. What is difficult in discussing this problem is the fact that any legal, political, or economic argument raised in opposition to the joint committee's decision will invariably be disqualified as "imperialist" or something of that nature—as reflecting, for example, the determination by the South and Southeast, and especially Sao Paulo, not to want the Northeast, North, and Center-West to develop.

Possibly those who decided to back the executive branch up against the wall—with never a thought to markets or to how distances from the centers where inputs are produced and finished products are consumed can influence economic decisions—did not realize what it might mean for the Union if that conversion bill were actually to become law. It grants such exemptions (especially from the import tax, the industrial products tax, and the IOF [financial operations tax]) to firms establishing themselves in those regions that if the auto parts firms and assembly plants now in the South and Southeast were to move there, the Union would certainly

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not have enough money to carry out the projects for diverting water from the Sao Francisco River or to meet other demands being placed on it from anywhere in Brazil.

Approval of the conversion bill by the joint committee is a clear statement that the ruling elites in the Northeast, North, and Center-West no longer think in terms of a national market and, therefore, of national unity. They feel exploited (!), not to say occupied (!) by the South and Southeast, which, in the view of those elites, are making those regions mere consumer markets. Being strongly attached to the idea that progress in the South and Southeast was achieved at the expense of a consumer market which the ruling elites in those regions claim is poor, not to say completely impoverished, they have issued a challenge to the executive branch of the Union. The executive branch hopes to be in a position to prevent a vote on the conversion bill so that it can reissue the original provisional measure and grant a number of advantages to those regions as promised—advantages which will be to the electoral benefit of the politicians who challenged it. The thing that may really be serious in this matter is the report that the executive branch consented to having that atrocity approved in committee as a means of ensuring that the deputies from the North, Northeast, and Center-West would vote in favor of the amendment establishing the tax on financial movements. If that report turns out to be true and a shady deal of that kind was indeed made, one can only say, like the unlucky prince of Denmark: "The rest is silence."

Chile

Chile: Robaina Meets Frei, Urges Stronger Economic Ties

PY3107030096 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 31 Jul 96

[FBIS Translated Text] During his meeting with President Eduardo Frei, Cuban Foreign Minister [Robaina] requested a new type of diplomatic relation with Chile. He also asserted that Cuba grants assurances to those who invest in the country.

[Being recording] [Unidentified reporter] The Cuban foreign minister's meeting with President Frei had a very specific goal: To express on behalf of Fidel Castro that Cuba wants to have stronger economic ties with Chile. In view of this, Robaina explained to Frei that the Helms-Burton Law that discourages foreign investments in Cuba will not affect Chilean entrepreneurs.

[Robaina, in progress] ...I only want to assure you that Cuba grants assurances and that it respects and admires those who make daring decisions in difficult circumstances.

[Reporter] Robaina also declined to respond to PPD [Party for Democracy] President Jorge Schaulsohn who charged that human rights are constantly violated in Cuba and that Chile should not accept such a situation.

Nevertheless, Chilean Foreign Minister Jose Miguel Insulza responded by stating:

[Insulza] I sincerely believe — and this will be my only comment on this issue — that the existing severe blockade enforced against Cuba will not bring about any political changes to the island.

[Reporter] Therefore, during his two-day visit to Chile, Robaina had to resort to all his patience to convince the skeptics. Tomorrow, he will probably have to resort to the same tactics when he visits Congress. [end recording]

Chile: Robaina Comments On Guzman Murder, Helms-Burton Law

PY3007131396 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 30 Jul 96

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina has said that El Chele, the man accused of instigating the murder of Senator Jaime Guzman, is well-known in his country. He added, however, that it is not up to him to speak about the subject.

After meeting with Chilean Foreign Minister Jose Miguel Insulza, Robaina presided over the opening session of the first Chilean-Cuban Joint Commission. Robaina will stay in Chile until 1 September.

Later, during a news conference, Robaina was asked about Juan Gutierrez P., alias El Chele, Raul Castro's former son-in-law. El Chele is accused in Chile of instigating the murder of Senator Guzman.

[Begin Robaina recording] Yes, I have to say that this subject only concerns Chilean officials. Of course this individual is well- known to us. I have never said that we do not know him. I have already states that we have nothing to do with the event. [end recording]

Concerning the Helms-Burton law, with which the United States punishes those who have businesses in Cuba, Robaina said that this law makes their lives more difficult but not impossible. He called upon Chilean businessmen to continue investing calmly in his country.

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Chile: Agreement Reached With Coal Miners, Strike Lifted

PY3007224796 Santiago EL MERCURIO in Spanish 27 Jul 96 pp A1, A31

[FBIS Translated Excerpt] The government and union leaders of the National Coal Enterprise, Enacar, yesterday signed an agreement that put an end to 65 days of illegal strikes in the Lota mine, which the government had already decided to close. The agreement will allow the reactivation of coal production in September after the recovery operations of the mine ends.

But the real possibility to have the mine operating depends on Congress approving additional funds for its operation. If the funds are not appropriated, the mine will definitely be closed. Therefore, the government will submit in the next few days a bill asking an appropriation of about 3 billion pesos.

In the meantime, experts will evaluate the damages in the Carlos Cousino mine shaft. Its repair will cost about 700 million pesos and will last approximately 60 days. Therefore, most of the miners will be taking a paid vacation.

After almost ten hours of negotiations that began at midnight on 25 July, the union leaders and Felipe Sandoval, vice president of Corfo [Production Development Corporation], signed the agreement, which put an end to the most important labor conflict the administration of President Eduardo Frei had to confront. [passage omitted]

Chile: Correction—U.S. Envoy Criticized on Military Issue

PY2607193896 Santiago EL MERCURIO in Spanish 25 Jul 96 p A3

[Corrected version of editorial "Unsuitable Remarks," originally filed as PY2607014396 and published on page 22 in the 26 July Latin America DAILY REPORT; retranslating passage between slantlines]

[FBIS Translated Text] The U.S. ambassador to Chile has said the military is not subordinated to the civilian power, as reportedly demonstrated by the supposed impossibility to remove the commanders in chief of the Armed Forces by constitutional provision. These unfortunate remarks have been broadly rejected by leaders of political sectors. The ambassador quickly explained his remarks, which were interpreted as a retraction that allowed the episode to blow over. The U.S. ambassador's blunder, although it should not hamper bilateral ties, deserves some observations to safeguard the principle of self-determination of nations, and in defense of the prestige of civilian and military officials of the nation.

Subordination of the military to the civilian power is a reality observed daily since the advent of democracy and which is part of our traditions. This hierarchy has been recognized and observed by the high commands, and is part of the commitment of honor the military assumed when swearing loyalty to the national banner and reaffirmed by the current president and his predecessor. This reality has solid constitutional foundations. Article 90 of the Constitution states that the Armed Forces and Carabineros "are essentially obedient and not deliberating bodies;" adding: "They are professionals arranged hierarchically through discipline." Moreover, Article 24 states that the president is in charge of "the government and administration of the state" and that "his authority is extended to everything, seeking to preserve public order domestically and the external security of the Republic." Thus, all missions the Constitution assigns to the Armed Forces must be fulfilled with the president's authorization.

To the above is added a set of constitutional rules that establish a mechanism for the relief of commanders in chief with the participation of the National Security Council and presidential powers for the organization and distribution of the forces, as well as for promotions, enlistment, and employment during the states of exception, and other powers stemming from his presidential investiture. To this must be added the congressional power to impeach generals and admirals, and powers that are shared with the executive branch concerning budget matters and the states of war and of exception.

Objections to presidential powers and to the state of law unjustifiably pose doubt on expressed attributions of the political powers and harm the Armed Forces, making them appear as an independent power not subordinated to any government branch.

The establishment of a rule on the Armed Forces is a sovereign right. They may not be in line with the U.S. formulas, but there again, /not even in that country can the president, at/ his discretion, relieve a top commander or the commanders in chief in time of peace. Approaching in an isolated manner the role of the Armed Forces can lead to mistakes, distrust, and especially to overlook their contribution to democracy and national interests.

Diplomats must faithfully transmit the situation in the country to where they have been accredited; they must also be prudent in their remarks and respectful of domestic affairs of other countries. These principles are essential for the professionalism which helps attain understanding and cooperation among nations.

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Colombia

Colombia: Samper Vows To Continue Anti-Drug Struggle

PA3107024396 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 31 Jul 96

[Report by Gerardo Alvarado Osorio; from the "24 Hours" newscast — monitored from live transmission by Lima Sistema Unido de Retransmision]

[FBIS Translated Text] From Huila, President Ernesto Samper urged peasants from the southern and eastern part of the country not to continue growing more coca, and tells the United States that no one is going to teach him how to manage the drug trafficking problem.

Today, President Ernesto Samper did not hesitate to voice criticism and spoke about the struggle against drug trafficking.

The high-ranking government official spoke out, surrounded by a large group of peasants and during the signing of the law creating the Agriculture Solidarity Fund.

[Begin Samper recording] Here, from the region of Rodrigo Lara Bonilla, I reiterate my pledge, as relates to the struggle against drug trafficking, we receive lessons from no one. We have already paid too high a cost in lives, resources, and instability, simply to have someone come along now and tell us what we have to do with respect to this issue, which is so serious. [end recording]

After launching this tough criticism against the U.S. Government, which was described as interventionist, and against Senator Helms himself, the president of the Republic traveled to France in search of new development options for the country.

Colombia: Serpa, Samper Criticize U.S. Senator Helms

PA3007194796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 30 Jul 96

[Report by Gilbert Vega; from the "Midday Newscast"]

[FBIS Translated Text] In a vibrant speech, Interior Minister Horacio Serpa has strongly criticized U.S. Senator Jesse Helms who presented a witness identified as Maria to the U.S. Congress yesterday. Serpa has said Senator Helms is trying to recycle calumnies while seeking his reelection in the U.S. Congress:

[Begin Serpa recording] Once again, Mr. Helms, who is going through a senatorial reelection trance, has assumed a mischievous behavior in the U.S. Senate. Fortunately, using a phrase to which lawyers frequently resort, we already know him for his deeds [ya lo conocemos de autos]. We know of the disrespectful manner in which he has treated Latin Americans who live in the great northern nation. We know the unfit attitude he once assumed against the Chilean people. We are aware of the manner in which he has tried during the past few years to strangle the long-suffering Cuban people. He is now recycling calumnies in the U.S. Senate against the Colombian president in an improper attitude all Colombians strongly reject. [applause] What a shame! What abuse! Presenting a hooded woman, as in the worse days of the inquisition, to attack us, to persecute us, to try to publicly disgrace a person such as Ernesto Samper Pizano, whose conduct has been examined minutely here in Colombia and everywhere in the world and who was finally acquitted by Colombian judges! [applause]

Dear friends, it is not like some people are saying, in the sense that the government is trying to awaken narconationalism: No! It is a matter of patriotism! Our proud, Colombian blood boils in our veins! We clearly and firmly want to say here in this plaza in Neiva that we will defend our principles, interests, and honor at all costs! Viva Huila Department! [end recording]

Serpa made those strong remarks at the public plaza in the city of Neiva, where President Ernesto Samper is attending a ceremony to announce the creation of the Agriculture and Livestock Solidarity Fund [Fondo de Solidaridad Agropecuario]. He has strongly criticized the attitude assumed by U.S. Senator Jesse Helms against the Colombian Government, particularly against President Ernesto Samper Pizano.

The Colombian president also spoke, announcing that he will be traveling to Europe this afternoon, specifically to Paris and Madrid. He also said to the U.S. Government and other critics of the Colombian Government and its struggle against drug trafficking that the government will accept lessons from no one on this subject. Here is part of President Samper's speech in Neiva:

[Begin Samper recording] France, a friendly country, as the rest of European countries, understands our needs, our difficulties; it understands that Colombia is a sovereign country that demands its right to forge its own destiny without any intervention. We will talk about common topics, about topics related to the foreign debt, to the difficulties of developing nations. Colombia, as the country that heads the Nonaligned Movement, will sit down at the same table with the powerful nations to speak for the weak and the needy of the world. [end recording]

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Colombia: Government Rejects U.S. Witness' Testimony

PA3007190896 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0017 GMT 30 Jul 96

[News conference by Government Spokesman Carlos Castillo with unidentified local reporters at the Narino Palace in Santa Fe de Bogota; broadcast in progress — live relay]

[FBIS Translated Text] [Castillo] ...witness identified as Maria, the U.S. Senate's Foreign Relations Committee, the Narino Palace states the following:

1) Based on an assessment of the witness Maria's first testimony it is impossible that what she said occurred could have taken place at the time and place she mentioned. An analysis of the president's agenda confirms he was not at the places at the time the witness mentioned.

2) We believe based on the witness Maria's various media statements that she obviously was not telling the truth, as she frequently contradicted herself. She changed her initial testimony, and her latest statement before the U.S. Senate contradicted what she had said previously.

We believe her testimony is contrary to the truth, and that it seriously and severely damages the president's moral character. Therefore, a group of lawyers is currently studying the possibility of starting corresponding legal actions.

[Reporter] [Words indistinct]

[Castillo] That is what a group of lawyers is currently analyzing.

[Reporter] [Words indistinct]

[Castillo] As soon as possible. We are trying to do it right now.

[Reporter] What legal actions is the government considering?

[Castillo] A group of lawyers is currently studying legal actions pertinent to this case.

[Reporter] What are the contradictions in Maria's testimony, according to the government?

[Castillo] You are perfectly aware of her statements, which have been carried by the media. The contradictions are evident. We believe this is not the time to argue something that has been sufficiently analyzed. There is a [word indistinct] in that regard and we do not believe Colombia should start an argument at this time.

[Reporter] Will the presentation of this witness further deteriorate Colombian-U.S. relations, taking into account that although her testimony had been announced several times, she did not appear until now?

[Castillo] First of all, apparently she appeared behind a screen wearing a hood. Therefore, we do not believe that she can be regarded as a reliable witness. This witness should not affect Colombian-U.S. relations.

[Reporter] There are two strange situations here. First, the identity of [name indistinct] Palomari did not match the real one reported [word indistinct] and nothing else was done. Second, the prosecutors who traveled to Washington and New York to contact Palomari were not allowed to interview the so-called Maria. What are the legal aspects that will enable the president's attorneys to play a more active role in a case that is becoming more serious?

[Castillo] I view this along the same lines as your question. In other words, the situation is so confusing, the witness is so shrouded in mystery, and access to her has been so difficult, that it will definitely require firm legal steps, which is what our lawyers are currently studying.

[Reporter] How would the government describe the attitude assumed by Senator Jesse Helms who today presented Maria, and also presented a letter requesting the suspension of visas to 25 Colombians, including senators, Chamber representatives, and five generals?

[Castillo] I believe it is better not to describe anything. We are not in a fight over descriptions. As we know, Senator Helms has asked President Clinton to revoke the 25 Colombian visas. I believe there will be a big surprise. For example, one of the recommendations was canceling Interior Minister Horacio Serpa's visa, which already expired. Minister Serpa's visa expired on 25 July and in a note to the U.S. Embassy he has said that he has no intention of renewing it for the time being.

[Reporter] What is the U.S. intention regarding the visas, given that President Samper has already been acquitted by the Chamber of Representatives? What is the national government's interpretation?

[Castillo] I believe the president clearly stated his position in the speech after his visa was revoked. I have nothing to add at this time.

[Reporter] Is the government concerned this matter could lead to a Noriega-like situation [Noguerizacion]? Could it be that a parallel legal process, mentioned before as a possibility, could begin with this testimony?

[Castillo] Could you repeat the question, please?

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[Reporter] Isn't the government concerned that President Samper's case could lead to a situation similar to Noriega's?

[Castillo] I did not understand the adjective you used. No, that is really not the case. We believe that this is a normal process [words indistinct] announced several times. Obviously, we believe the intention could be trying to harm the president's image before his visit to France. French authorities, however, have clearly stated the different concept that both states have of their foreign policy. Therefore, we see no problem at this time.

[Reporter] Senator Helms presented Maria as a DEA collaborator. In fact, she said that for many years, since 1987, she has been voluntarily collaborating with the DEA. How would the Colombian Government introduce Maria? Who is Maria, in the Colombian Government's opinion?

[Castillo] We cannot introduce her, because we do not know her yet.

[Reporter] What do you think of her statement to the U.S. Senate?

[Castillo] As I just said, first we believe it seriously harms the president's moral character; second, she has contradicted herself during the various phases of her testimony; third, from the beginning, her statement was contrary to the facts, and this has been proven. Thank you very much. Good evening.

Colombia: Deposition of Witness to U.S. Congress Rejected

PA3007145896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0344 GMT 30 Jul 96

[From the "Caracol Radio News" newscast]

[FBIS Translated Text] Santa Fe de Bogota — The government has announced that a group of lawyers is studying the possibility of starting legal actions for the damage to President Ernesto Samper's moral integrity caused by a statement to the U.S. Senate by a secret witness identified as Maria. President Samper's spokesman, Carlos Castillo, has made the announcement in a communique read to accredited journalists at Narino Palace in Santa Fe de Bogota.

In the communique, the government has rejected a deposition made by a secret witness before the U.S. Congress that President Ernesto Samper reportedly met with members of the Cali cartel before assuming power. That testimony is false and severely and seriously harms the president's moral integrity, government spokesman Castillo has said, adding that a group of lawyers is studying the possibility of starting legal actions, without giving any further details.

Castillo has said there were many contradictions in the statement made by a witness identified simply as Maria whom Republican Senator Jesse Helms has presented to a session of the Foreign Relations Committee. Castillo has said that based on the records of President Samper's agenda, it was impossible for him to have met with leaders of the Cali cartel in 1989 to obtain financial support for his political activities, as the witness has said.

Colombia: Samper's Attorney Discusses Witness 'Maria'

PA3007172196 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 30 Jul 96

[Telephone interview with Luis Guillermo Nieto, attorney for President Ernesto Samper, place not given, by Dario Arizmendi and unidentified reporters in the network's studios in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] We will be talking about the case of the witness identified as Maria with Dr. Luis Guillermo Nieto Roa, attorney for the president of the Republic. Good Morning, Dr. Nieto.

[Nieto] Good morning, Dario. How are you?

[Arizmendi] From a legal standpoint, is there a possibility that any legal action could prosper against the witness Maria for her accusations yesterday against President Samper before the U.S. Senate's Foreign Relations Committee?

[Nieto] That action should certainly be adopted in the United States, but no decision has yet been made regarding what will be done. The president obviously wants discussion of the possibility of Colombia going to U.S. courts to establish the true identity of this person in order to demonstrate the falsehood of her testimony.

Any person who analyses what this person said — she first made statements to a Miami journalist, then to certain Colombian television networks, later to a magazine, and more recently to another television newscast, and yesterday in the United States — can notice that every time this woman says something — and this demonstrates the falsehood of her statements — the next version turns out to be different, although it is the same Maria [words indistinct] is false, the next version is different to the first two, and it is always Maria.

Thus, there is a very serious reason to think that this witness is among those the United States uses. She was

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sentenced to life imprisonment plus 180 years. There is a negotiation to let her go in exchange for saying what the prosecutors want her to say. This must be ended. There must be a way, in a country that boasts to have a very efficient judicial branch, to identify this person via the courts and to demonstrate the falsehoods of her statements, and this is the possibility we will discuss.

[Reporter] Dr. Nieto, did journalist Gerardo Reyes of THE MIAMI HERALD ever send a letter to President Samper telling him about Maria's existence? I understand the president replied to this letter? What about this?

[Nieto] The president never received that letter. Fernando Botero recently said he did receive the letter, and that he did show it to then candidate Ernesto Samper, but the candidate paid no attention to it. As I have said in the past years, this person made a statement, and it is his word against Ernesto Samper's [words indistinct] believe that person and not Ernesto Samper. Obviously, if Ernesto Samper, and virtually any person would understand this, had received a letter from the journalist containing these details, he would have at least tried to find out what all this was about. The current president said he never knew about this letter sent by the Miami journalist, and thus, he was never able to reply to it.

[Arizmendi] Dr. Nieto, Presidential Spokesman Carlos Castillo, said yesterday that Maria has contradicted herself on multiple occasions in her three known public statements. He stated the president never visited the apartment of Fernando Espinosa, who was later murdered, or that he was in Cali in September 1989. Will the president's schedule at the time be revealed?

[Nieto] Yes, I understand that was done months ago. If that was not done... [pauses] if my memory serves me well, that was done, but [words indistinct] and was reconstructed through the statements of all the witnesses who attended the ceremonies in which Samper participated as candidate. Let me remind you that Ernesto Samper was convalescing after his return from the United States in mid or late June 1989, and that on doctor's orders he virtually did not leave Bogota.

He was resting for virtually the entire month of July. Thus, he left Bogota for the first in August 1989. He did not visit Cali in August. He visited Cali twice in September. The candidate's schedule was fully established through the statements of witnesses who accompanied Samper, that is, his security detail, who were members of the DAS [Administrative Department of Security], and others such as politicians, and the [words indistinct], and so on. He visited Cali on two occasions in September 1989. He did not return to Cali in 1989. It was not until January or February 1990 that he visited Cali again.

This woman's account that she met President Samper during a breakfast in September 1989 and that on another day in that same month, she allegedly saw him during an evening meeting sounds absolutely phony. Most people would never think that anyone attending a breakfast meeting with several others would ever ask someone to arrange a meeting with drug traffickers eight hours later. The idea is preposterous. Allegedly, this woman has argued that because of her contacts with the cartel she was asked to convey President Samper's request to cartel members that he was seeking funds allegedly to buy congressmen and prevent them from approving the extradition of Colombians.

There is also another obvious contradiction in this account: this witness has contended that President Samper knew and had close ties to drug traffickers since 1980. Thus, it would be absurd for him to ask a stranger in September 1989 to arrange his meeting with the drug traffickers if he knew them since 1980 as she has insinuated. Hence, the whole deposition is groundless. In addition, there are many other indications, very serious reasons, to believe that everything this woman has stated is entirely false. In other words, it is not even true she met Samper back then; she met him later on. It is true that she knows the president. Thus, it is necessary for the courts to help identify this alleged witness so as to establish whether or not she has told the truth.

[Arizmendi] This episode of Maria's deposition, the previous episode of President Samper's visa revocation based on the U.S. argument that President Samper supports drug traffickers, as well as the announcement that there is another witness, Jorge Salcedo, who could be summoned by the U.S. Congress have led people to believe that it is not farfetched that the U.S. Government might open a criminal case against President Samper in the United States. Have you and the other attorneys of President Samper considered this possibility?

[Nieto] Yes, the United States might do this. However, their judicial background is nothing to boast about: it is quite common to see sentences commuted in exchange for anything. Consequently, it is not difficult for them to find witnesses willing to say anything the respective prosecutors want them to say in exchange for lower penalties. The government's attitude and we must recall that [words indistinct] independently from the government.... [pauses] the government's position has not been very clear in the United States. This circumstance is obvious, for instance, to anyone who saw the deposition yesterday. Senator Helms asked the witness: Do you have firsthand knowledge that Samper

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received $6 million for his 1994 presidential campaign? How can you corroborate this? The witness replied that she knew that Samper was corrupt since 1989. This answer would make it absurd for any court in the world to seriously consider her testimony. The fact that she met Samper in 1989, as she said she did during the alleged meeting, does not qualify her to affirm that [words indistinct]. This is only one of the many contradictions in her deposition. If her statement is taken to a court, the situation will be quite different. Deep down, I would not mind if this case were taken to a court as long as it was an open trial, in which the attorneys from each side could establish the identity of the witnesses and conduct the corresponding interrogations.

[Arizmendi] Are you then admitting that President Samper or you would welcome the possibility that he be sentenced to begin a great open debate in the United States on his conduct?

[Nieto] I have not mentioned the president. I am only giving my opinion of how this case should be handled. I believe this case should be taken to the courts so that the witnesses can be identified when they are questioned and [words indistinct]. These are two entirely difficult topics.

[Reporter] If the so-called Maria is lying, who is behind the plot to make Maria say these things against the government and President Ernesto Samper and how will this be proved?

[Nieto] That is what we must establish through judicial channels. I reiterate: We are just considering this possibility, because this can only be done in the United States, it cannot be done in Colombia. Consequently, this would require consultation with people acquainted with U.S. laws and legal proceedings. Once we can take this case to the courts, the courts will be able to establish the identity of the witnesses and the truth of their (?deposition), as I said before, through Maria's lawyers, the DEA and the Colombian lawyers or those representing the interests of Colombia and the president. In the meantime, we are somewhat being kept in the dark since we are trying to guess the identity of the witness.

[Arizmendi] [Words indistinct] Maria, because Congressman Miguel de la Espriella had said that it was Noris Maria Calle, who was imprisoned on drug trafficking charges in the United States and who was seemingly able to obtain her release in exchange for information.

[Nieto] The evidence at hand has led us in that direction. There are accounts by many individuals close to Noris Maria Calle, a woman from Cali or rather a Colombian-born U.S. citizen since she has a U.S. passport, that indicate that she is the witness giving this deposition in exchange for (?a lower sentence). If I am not mistaken Calle was originally sentenced to life imprisonment plus 147 years. In exchange for this, she began to fabricate these reports and they began to (?reduce) her sentence, because everything indicates that currently, she is out of jail. However, these things are barely clues that have resulted from some reports we received and we will not be able to actually establish anything until this case is taken to court.

Colombia: Report Profiles U.S. Economic Powers Act

PA3007180996 Santa Fe de Bogota EL TIEMPO in Spanish 27 Jul 96

[Received via Internet]

[FBIS Translated Text] The International Economic Powers Act allows the U.S. Government to confiscate assets and accounts of countries that are perceived as threats. The Colombian foreign minister has acknowledged that no progress was made during her visit to Washington.

A powerful legislation exists in the United States that could drastically affect Colombia if the government implements it in full.

The International Economic Powers Act (IEEPA) grants special powers to the U.S. President to declare an international emergency and to confiscate assets as well as accounts owned by specific countries in the United States. U.S. Government lawyers are analyzing this legislation to determine how it can be used against Colombia.

Thus, the decertification imposed on Colombia and the revocation of President Ernesto Samper's visa could well turn out to be the least detrimental measures included in the package of sanctions the Clinton administration could impose on the country.

Foreign Minister Maria Emma Mejia, in concluding her visit to Washington, has acknowledged that there had not been any significant progress in U.S.-Colombian relations as a result of her trip.

Mejia has said her visit to the United States had allowed each side to get to know "their faces" and has announced that an agreement had been reached on a schedule of monthly meetings with a view to intensifying and measuring the results of the cooperation in the struggle against drug trafficking.

At any rate, she has cautioned that she is not "excessively optimistic" about the likelihood of averting further U.S. sanctions based solely on that agreement.

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The foreign minister has said high level contacts with U.S. officials will continue next week when the Colombian defense minister travels to Washington. In August, Timothy Wirth, under secretary for global affairs, will travel to Santa Fe de Bogota.

A special powers act grants the president special powers to seize assets and to block accounts. The legal requirements have already been met. The decertification and revocation of the visa of the president of the Republic could well turn out to be, in the end, the least detrimental measures included in the wide-ranging, legal arsenal available to the United States to sanction Colombia.

In fact, there is a much more powerful instrument: the IEEPA.

This act gives full authority to the U.S. President to declare a state of national emergency in response to actions by another country.

Within this legal framework, the U.S. President can seize the assets of nationals of a specific country in the United State. He can even seize the assets of those U.S. citizens who have business ties with the country in question.

The topic was reviewed yesterday at the international seminar "U.S. Economic Sanctions Against Colombia," organized by the magazine SEMANA, the Colombian Association of Flower Exporters (Asocolflores), and the National Association of Exporters (Analdex).

Experts of the firm Manatt, Phelps, and Phillips have explained the scope of this law in the Colombian case. They have said Colombians do not seem to clearly understand the scope of this law. For instance, a few people are aware that the U.S. Congress already has declared a state of national emergency as a result of the flow of drugs toward that country.

Since the state of emergency already exists, the U.S. President could implement the powers granted by the IEEPA at any moment.

Thomas Ondeck, a member of the team of attorneys of that firm, has said the IEEPA is a dreadful instrument to any attorney who tries to defend the interests of a country such as Colombia in Washington.

The U.S. attorneys have said their country's government has already given the order to study how this law can be used against Colombia.

In addition, they have said high-ranking officials from the U.S. State Department have told them many times the actions against Colombia could be implemented through the powers granted by this law.

Ondeck has said the law is used to "seek an effective remedy to an economic problem." The confiscation of assets or accounts in the United States are only two possibilities.

According to Ondeck, the policy of seizing assets has been implemented only against countries considered as "pariahs" from the U.S. Government's point of view. Periodically, the Foreign Assets Control Office publishes lists of countries that could be affected. These countries include Iran, Iraq, Lybia, Cuba, and North Korea. In the past, Nicaragua and South Africa also were on the list.

Colombia has been blackballed since October 1995 on the argument that this country triggered a national emergency in the United States as a result of drug trafficking.

Although a few Colombians have realized this, Colombian companies have been "blackballed" based on this law. U.S. nationals have been barred from conducting business with blackballed companies. Nothing is preventing the U.S. President from implementing more stringent measures anytime he wishes to do so.

Ondeck added that foreign countries should not wait for the WTO to be an effective means to counter decisions adopted through the IEEPA. Stephanie Silverman, another member of the team of lawyers, has contended that the United States is seeking the WTO's support whenever it suits its interests and ignores it when it does not. According to the advisers, the situation does not bode well for a defense of Colombia's interests through the WTO.

In the face of this bleak scenario, what must be done to seek greater protection is to face the problem directly and to do the necessary lobbying of those who make the decisions.

The advisers have said that amid a crisis such as the one Colombia is experiencing, there also are excellent opportunities that can be tapped through effective communication. With this in mind, they have recommended that contacts be established among business groups from the two countries to draft proposals.

Colombia: FM Arrives in Caracas To Discuss Economic Issues

PA2907224696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 28 Jul 96

[From "The Midday Newscast"]

[FBIS Translated Text] Foreign Minister Maria Emma Mejia flew to Venezuela and is already in Caracas. Before departing, the official talked to reporter Maura

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Achurri at the Catan Military Base in Santa Fe de Bogota. Mejia acknowledged some problems exist but noted everything is being resolved, and one can describe relations between Colombia and Venezuela as good. The official said that in addition to the topics of relations and problems at the border area, she will hold talks on trade, integration, the two country's adherence to Mercosur [Common Market of the South]. In fact, there will be a series of topics to be discussed during a very tight schedule between today and tomorrow. Caracol's special envoy Fabio Callejas Ramirez is in Caracas. What information do you have now at noon regarding the foreign minister's visit? Good afternoon.

[Callejas] Good afternoon, this is a report by Caracol's special envoys accompanying our foreign minister, who arrived here at 1030, Colombian time, or 1130, Venezuelan time. During a news conference with different news media, Foreign Minister Mejia said that Colombia and Venezuela have a good marriage, despite some problems that can be ironed out. She declared as terminated or resolved the recent controversy stemming from a report by Presidential Adviser on Security Guillermo Uribe, raising serious accusations against the Venezuelan military forces. The foreign minister seeks to ease the tension in the relations between the two countries. She also wants to reach an agreement with her Venezuelan counterpart Miguel Angel Burelli Rivas on a meeting between the Venezuelan President Rafael Caldera and Colombian President Ernesto Samper Pizano.

The foreign minister has also asked Venezuela to respect the rule of law, defending the decision by the Colombian Chamber of Representatives to exonerate President Samper.

[Begin Mejia recording] Venezuela respects the rule of law in Colombia. Colombia has a way of [word indistinct] its presidents. It has been doing this for over 100 through the Congress of the Republic, and the Congress shelved the proceedings against President Samper. In this respect, [words indistinct] I am certain the news media and public will understand it [words indistinct] Colombia has proved throughout this crisis it has an extraordinary institutional system. It allowed the Office of the Prosecutor General (?to bring to trial) different men and women who have been accused of acts of corruption. It has also allowed [words indistinct] lift the confidentiality of the files so that every Colombian and foreigner living in Colombia could know [passage indistinct] lift the restrictions and [words indistinct] so that Colombian men and women could go over [passage indistinct] Colombian Constitution, and preserving the rule of law of a country like Colombia [words indistinct].

[Callejas] This was the foreign minister talking today with different news media in Caracas. Jesus Romero also asked her about the topics of economic relations.

[Rojas] Regarding economic relations, Foreign Minister Mejia said it is important and a priority matter to include in the agenda talks, for instance, on the assessment of bilateral trade considering Venezuela and Colombian have a first-rate commercial partnership, and the possibility that the two countries may join Mercosur. She voiced her optimism in this respect, and noted that steps are being taken in this direction by Colombian Commerce Ministry and the Venezuelan economic authorities. She also commented on her recent visit to the United States, based on the reports filed by major U.S. newspapers like THE WASHINGTON POST, THE WASHINGTON TIMES, and THE MIAMI HERALD. She did not declare herself optimistic, but noted that there were positive reports on her contacts with U.S. authorities during her recent trip.

[Callejas] The foreign minister will have a busy schedule today. This afternoon, after a private lunch with Foreign Minister Burelli Rivas, she will place a wreath at the Simon Bolivar Monument and will then attend a private dinner. She is expected to meet Colombian and Venezuelan businessmen tomorrow.

Colombia: FM Finds Opposition to Samper's Venezuela Visit

PA2907233796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 29 Jul 96

[From the "National Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] During her visit to Caracas to work out the details of the meeting between Venezuelan President Rafael Caldera and President Ernesto Samper, Foreign Minister Maria Emma Mejia ran into political opposition generated by the report by Presidential Adviser Guillermo Uribe.

[Begin recording] [Donald Ramirez, secretary general of the Social Christian Party] President Samper's visit is unadvisable considering the current political situation in the brother Republic of Colombia.

[Caracas Archbishop Monsignor Ignacio Velasco] In my opinion, it should be postponed a little since there are too many problems in Colombia, and, in addition, Colombia is trying to bring another problem to Venezuela.

[Deputy Segundo Melendez] This must be studied with great care to make sure President Caldera can receive

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President Samper under circumstances such as the ones we are going through. [end recording]

The solution to be made official at noon will consist in that the ministers of defense, justice, foreign commerce, and foreign relations will hold four separate meetings prior to the presidential meeting.

[Begin Mejia recording] The method we deemed ideal was to make progress on the technical work so we can provide an overall information to the presidents of the two countries instead of the other way around. The presidential meeting should not be held so they can tell us what the activities we must conduct are. [end recording]

In an extremely interesting diplomatic move, Foreign Minister Mejia apparently found a Solomonic solution to hold the presidential visit although not now when some Venezuelan sectors oppose it. The four prior meetings by the ministers will make it possible to adjust the political foundation for the presidents' discussion and thus, let some time go by.

Colombia: FM 'Satisfied' With Visit to Venezuela

PA3107030596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2235 GMT 29 Jul 96

[Report by Fabio Callejas in Caracas, Venezuela; from the "The Firefly" newscast]

[FBIS Translated Text] I am not leaving frustrated; I am leaving satisfied, Foreign Minister Maria Emma Mejia said this afternoon in a quick assessment of her official two-day visit [words indistinct] with her Venezuelan counterpart Miguel Angel Burelli Rivas, and with Venezuelan President Rafael Caldera. Basically, the topics that were agreed on deal with the technical agenda and the meetings of the ministers of justice and defense and the border commissions during the month of August.

Undoubtedly, the topic of greatest concern to the two government deals with safety on the border, drug trafficking, and subversion. The topic of cars stolen on the border is irksome to Venezuela, Venezuelans. These topics will be discussed. Here is something important to report. The meeting between the presidents of Venezuela and Colombia has been postponed indefinitely. We must also note we have just learned the content of the declaration the two foreign ministers will issue in a few minutes.

The joint declaration, which reviews both countries' agendas, will contemplate the Colombo-Venezuelan integration enterprise, bilateral [words indistinct] enterprises with Andean support, and a process of transition to an Andean economy. In addition, an agenda for safety on the border will be agreed on. The documents offers a joint support for the presidency of Mr. Ernesto Samper Pizano in the Nonaligned Movement.

I have reported that the topic of subversion and drug trafficking concerns Venezuela and Colombia, and this is what Foreign Minister Mejia has said about it:

[Begin Mejia recording] The [word indistinct] the Colombian government has the greatest political commitment to wipe out the presence of drug traffickers and guerrillas and the union of these forces that developed these past years, which has been devastating for the internal situation and, of course, for the life and the development of our people. I am certain that [words indistinct] on the border. Colombia has a [word indistinct] presence on the border. I think that we have been working... [pauses] I am certain that the other ministers will jointly review what could become a better strategy to fight on each side [words indistinct]. [end recording]

Colombia: Officers Report Presence of Venezuelan Weapons

PA2807133596 Santa Fe de Bogota EL TIEMPO in Spanish 24 Jul 96

[Received via Internet]

[FBIS Translated Text] Arauca — The bullets that the FARC [Revolutionary Armed Forces of Colombia] used to fire at a passenger bus traveling from Arauca to Santa Fe de Bogota were of Venezuelan origin, the Army's Operations Command Unit No. 2 reported here.

The source added that cartridges produced by Cavim (Venezuelan Military Industry, Inc.) were seized from subversives captured in subsequent operations.

The authorities believe that gunrunning has decreased in Arauca in the past two years, but it is believed that ammunition trafficking has increased, because its transportation poses fewer risks.

"The FARC is exchanging the coca it produces here for ammunition in Venezuela," Colonel Luis Mendieta Ovalle, commander of the Arauca Police Department, has revealed.

He noted that, during an operation in Arauquita, the authorities seized the following from the Bolivarian militias: 1.509 million bolivares (3.47 million pesos) earmarked for buying weapons; propaganda from the 200 Revolutionary Bolivarian Movement headed by former coupist Colonel Hugo Chavez Frias; 20 cartridges for .38-caliber Cavim revolvers, and FARC propaganda. So far this year, the police have reported the seizure of only one pistol from Venezuela.

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Marcos Rodriguez, deputy director of the Administrative Department of Security (DAS) in Arauca, said gunrunning in this border area is minimal at present. "There are signs indicating that gunrunning has dropped," he said. The local government secretary Jose Alberto Perozo concurred with Rodriguez.

These officials were referring to recent newspaper articles, which were corrected by the Presidency, that said outlawed Colombian organizations have reportedly received Venezuelan weapons.

Col. Jorge Rodriguez, chief of Operations Command Unit No. 2, said this information is being handled by the Army Central Command in Santa Fe de Bogota.

During a secret meeting in Guasdualito (Apure State) in mid-1995, the defense ministers of the two countries discussed the return of official Venezuelan weapons seized here.

In Norte de Santander, the commanders of the Pamplona and Tibu Battalions said the few Venezuelan weapons found here are more often stolen from the neighboring country's armed forces than the product of gunrunning.

Major Dimas Cordoba, commander of the Garcia Rovira Battalion in Pamplona, said that last year they found only two 9-mm pistols and 800 cartridges for revolvers of various calibers manufactured by the Cavim factory and this year they seized a rifle and 1,000 rifle cartridges also produced by the Cavim factory.

Spokesmen for the Saraguro Heroes Counterguerrilla Battalion No. 46 in Tibu reported that no more than 100 cartridges of various calibers have been seized so far this year.

Colombia: Stock Market Head Urges Samper To Step Down

PA3107041196 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 30 Jul 96

[Report by Fania Estela Payares; from the "24 Hours Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] The Colombian stock market is going through one of its worst moments as a result of the political crisis. It has grown barely 4 percent this year and has registered losses, instead of the usual profits. The commission firms have been forced to undergo internal reorganizations in order to survive in the market. Their view of the horizon is so bleak that they have decided to join the rest of the sectors insisting that President Ernesto Samper step down.

[Begin Santa Fe de Bogota Stock Market President Carlos Caballero Argaez recording] The country is engrossed by a situation of mass despair. People are apparently throwing in the towel and thinking that there is nothing else to do but wait until 7 August 1998. [end recording]

The official has indicated that the outlook for 1997 will depend on how Colombian-U.S. relations unfold.

Colombia: 20,000 Peasants Gather To Protest Policies

PA3107042196 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 31 Jul 96

[Report by John William Vargas; from the "24 Hours Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] More than 20,000 peasants have abandoned their plots and gathered in four Putumayo villages. Overcrowding is causing the first problems.

The second Putumayo regional strike is in its fifth day. To the 7,000 peasants gathered in Puerto Asis, one has to add the 15,000 in (Orito) and La Hormiga, who are distributed in uncomfortable places throughout the towns, with no power or water.

[Begin coca grower Carlos Benavides recording] The problem was the water, because we were under the tents and then it started to rain. This became the worst problem yet. This was all. [end recording]

This afternoon peasants from about 90 villages joined. They are settled on the banks of the Putumayo, San Juan, and Caqueta rivers and say that they will not leave the area until they come to an agreement with the government.

Putumayo Governor Jorge Fuerbringer Bermeo said that the department faces a harsh reality. The situation is turning critical, if one takes into account that there is no more room to shelter the peasants and 2,000 more are expected tomorrow.

Colombia: Tax Director Ayala Explains War Tax

PA2807143496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 25 Jul 96

[Telephone interview with Horacio Ayala, national customs and tax director, by news director Dario Arizmendi and reporter Judith Sarmiento in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Sarmiento] With frank satisfaction, the military forces have welcomed President Ernesto Samper's announcement that an emergency contribution will be levied to reinforce their actions in

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the fight against subversion, drug trafficking, and organized crime. President Samper made the proposal to levy this tax, which will be collected once in 1997. With this tax, approximately 500 billion pesos are expected to be collected to purchase equipment and supplies for the armed forces.

Armed Forces Commander Admiral Holdan Delgado said that, with the revenues obtained from the war tax, the public forces' operational capacity and effectiveness will be strengthened to confront drug trafficking and guerrillas.

Meanwhile, Army Commander General Harold Bedoya pointed out that the military forces are ill-equipped and have many logistical deficiencies. In addition, Military Forces Inspector Gen. Manuel Jose Bonnet affirmed that civilians will finally participate in the state fight against guerrillas and lashed out at those who criticize the Army, which is the one that shows its face during combat.

[Arizmendi] Who will be required to pay this emergency contribution, as the government calls it, or war tax, as other sectors call it? Dr. Horacio Ayala, director of the National Taxes and Customs Directorate [DIAN], would you please explain this to us? What is the government's initiative to implement this emergency contribution, and who would be required to pay it?

[Ayala] Good morning. The manner in which the president proposed this contribution on 24 July indicates that this tax will be paid on liquid assets by those who are required to file tax returns in 1997. This means that, on the level of property, individuals — we are talking about individuals, because this is how it was explained; in other words, it does not apply to corporations or entities — will be required to file tax returns, individuals who own gross property, individuals whose assets range from 88 million to 800 billion pesos.

On 31 December 1996, those who own assets totaling an amount that falls in this range will have to file tax returns in 1997. In general terms, gross assets are the set of goods or cash-convertible rights a person owns. A good could certainly be a building, a condominium, a house, a vehicle, a machine, accounts receivable, a bank account, securities, shares, and so on. These are goods. Starting from the time the amount of a person's assets fall in this range, he is required to file a tax return.

Then, the contribution would reportedly be determined based on liquid assets; in other words, on the sum of the value of these goods minus the debts the individual owes.

[Arizmendi] Dr. Ayala, will this be done through a bill that will be forwarded to Congress or through a decree?

[Ayala] No, it will be based on a bill, because only Congress can levy taxes, according to the Constitution.

[Arizmendi] Is it not a little bit unfair for taxpayers, for individuals who could somehow have (?kept) their property in 1995 and 1996, knowing they would not be taxed, and now the government pulls this rabbit, quote and unquote, out of the hat, as some people have said?

[Ayala] I think that having to pay a new tax could not be unfair for those who have always paid taxes. It seems to me that when someone refuses to pay this new tax, it is because he has been evading taxes for years. Colombia is perhaps one of the few countries in which a fiscal cleansing has been undertaken without any cost to the taxpayers, but to the national treasury.

It seems to me that, if we are going to talk about unfairness, he who always pays and does not evade paying taxes contributes more that he who has been evading taxes. Consequently, if we talk about equal terms, he who evades and accepts a fiscal cleansing and an amnesty wins.

[Arizmendi] Why do individuals, not corporations, have to pay this tax?

[Ayala] I really do not know why, but I believe that it must be because, if a tax is levied on a corporation and, for instance, on its shareholders, we would be charging this tax twice. In short, shareholders own property. Society is only an intermediary; it is an entity that regulates activities. Benefits pertain to shareholders or partners, just as property does. I think this is why. The ultimate owner is always an individual.

[Sarmiento] Dr. Ayala, we beg you to give an explanation. Yesterday, when the measure was made public, some newscasts went ahead and even estimated that the minimum tax was going to be 440,000 pesos, because the base value was 88 million pesos. Are you telling us that 88 million pesos is the base value for one to be required to file a tax return...

[Ayala, interrupting] That is right.

[Sarmiento, interrupting] But not to estimate the tax?

[Ayala] That is right. The regulation stipulates that... [pauses] Not the regulation, pardon me. The presidential speech... [pauses] The president talked about liquid assets in his speech. I clearly see that he was referring to 0.5 percent of liquid assets, of taxable liquid assets. Liquid assets are gross property minus debts. Then, if we start with the premise that a person owns a condominium, a car, a bank account, and someone owes him and all these assets add to, let us say, 100 million pesos, then he would be required to file a tax return

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in 1997 based on the worth of this property as of 31 December 1996. However, if, for instance, he owes a mortgage on his condominium, which is worth 40 million pesos, it would mean that, in this case, liquid assets are estimated as the 100 million pesos in assets he owns minus the 40 million pesos he owes for his mortgage; his liquid assets would be 60 million pesos. The contribution is based on liquid assets. Then, we are talking about 300,000 pesos, which represents 0.5 percent of 60 million pesos.

[Arizmendi] Dr. Ayala, people in Colombia frequently say that laws are meant to be broken. The law has not been passed yet; Congress will discuss it once the executive branch presents its respective bill. Will this initiative, which has been announced way in advance, not promote tax evasion? Many people could make up debts precisely to lower their liquid assets before 31 December 1996.

[Ayala] Probably yes. However, we must not forget that, in the 1995 reform, Law 223 stipulated a measure the objective of which is precisely preventing the making up of nonexistent debts. This measure consists of making the estimated income [renta presuntiva] of those who do not declare a liquid income above a certain amount be determined on the larger of gross property and liquid assets. Under these conditions, it could even be an estimated income. [sentence as heard] This certainly is a completely different situation.

I believe that it will be more difficult to evade taxes by the day, because our DIAN inspection, detection, and information systems are becoming much more advanced by the day. Every day, we are creating new mechanisms and are better using the information we receive from, for instance, cadastral offices, notary public offices, chambers of commerce, stockbrokers, and so on. This is a mechanism that has to somehow start disappearing little by little.

[Sarmiento] Dr. Ayala, thank you for talking to "Caracol's 0600 to 0900" newscast this morning.

Colombia: New War Tax Revives Debates on Public Spending

PA2807233396 Santa Fe de Bogota EL TIEMPO in Spanish 28 Jul 96

[Received via Internet]

[FBIS Translated Text] The government's announcement on the collection of a new tax to strengthen the military forces has revived the debate on the efficiency of public spending. We need overall and permanent peace policies. This week, the military forces were caught in the "crossfire" coming from various public opinion sectors, following the government's announcement on the collection of a new war tax.

The economic associations (ANDI [National Association of Industrialists], Fenalco [National Federation of Businessmen], and Camacol [Colombian Construction Board], among others) were the first ones to react. Even though they favored making efforts to guarantee public order, they voiced their reservations on the efficiency and quality of defense spending.

The main concern is that, despite the ever larger amounts of resources that have been allocated to the military, the results of the fight against subversion and violence have not been seen. This concern is for good reason: 500 billion pesos will come from the pockets of more than 370,000 mid- and higher-income taxpayers to strengthen the fight against subversion and crime if Congress approves the 0.5-percent tax on liquid assets.

This is not the first war tax taxpayers must pay, because the hydrocarbon and mining sectors are charged a special tax, which represented revenues amounting to 175.5 billion pesos in 1995. Approximately 430 billion pesos worth of this tax have been collected since 1992 to date.

The debate is heating up. Former Finance Minister Rudolf Hommes Rodriguez recently favored that civilians evaluate the armed forces' work. "The defense minister and the performance of the Army, Navy, and Air Force have constituted a black box on which billions of pesos — almost 3 percent of the GDP — are spent with very few foreseeable results," Hommes stated in one of his usual EL TIEMPO columns.

For the president of Andes University, a permanent and public civilian audit on military performance is necessary, because "public order is too significant to leave to generals."

A Problem With Money

Why are discussions focusing on military forces? That is the main concern being voiced, while the defense budget has increased by more than 300 percent in the last 10 years, the number of guerrilla activities, thefts, and kidnappings has rapidly increased in the country. In other words, the larger amount of resources have failed to translate into more public security.

In fact, while total spending on operations and investments by the Defense Ministry and the public force totalled 783.445 billion in 1985, by 1994, it had increased to 1.5 trillion pesos. In other words, that year it represented 2.81 percent of the GDP. In 1996, it is 3.1 percent of the GDP.

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The number of troops has also increased; it went from 87,421 in 1985 to 160,193 (it comprises the Army, Navy, and Air Force) in 1995, not including 100,000 National Police members.

Public Spending Commission Coordinator Gabriel Rosas Vega said that peace concerns not only the Armed Forces, it concerns the entire civilian body. "Peace is not reached by decreeing more spending alone; it is reached through a national strategy involving all the country's sectors."

He pointed out that military spending needs to be more efficient, because Colombia is one of the Latin American countries that allocates the largest amount of resources to defense and security, after Nicaragua, which allocates 9 percent of its GDP to this sector. The average in Latin America is 2.3 percent of the GDP.

"While Peru allocates $5,700 to each soldier annually and El Salvador, $8,000 (more than 8 million pesos), Colombia allocates an average of $9,000. In other words, it allocates slightly more than 9 million pesos," Rosas explained.

The sector's spending has gone from a 4.5-percent annual growth rate in real terms for the 1985-92 period to 14.7 percent between 1993 and 1996. In Rosas' opinion, a large amount of these resources could be allocated to social investment instead of military spending.

An IMF report stated that military spending has dropped in most countries of the world, which could trigger favorable repercussions in other allotments. "The spectacular reduction in military spending of the last 10 years represents a major, ever growing source of world savings. That is, it represents a peace dividend," he affirmed.

The reason why peace is winning is because these resources could have been allocated to increase social spending.

The Guerrilla Advance

Even though it is true that the amount of defense resources has increased, guerrillas have also taken giant steps. Ecopetrol [Colombian Petroleum Enterprise] recently reported that 400 attacks on the oil infrastructure have taken place in the last 10 years, triggering losses for 78 billion pesos.

Between 1990 and 1994, 229 attacks took place, triggering losses for 514.759 billion pesos. [sentence as published] The number of guerrillas has also increased from 4,000 in 1985 to approximately 13,000 in 1996. According to data from the Human Rights Ombudsman's Office, the National Guerrilla Coordinating Board is organized in approximately 40 fronts throughout the nation.

While the guerrillas operated in 173 municipalities in 1985, they are now operating in more than 600 municipalities. One of the factors that made the guerrillas strengthen themselves more is their connections with drug-trafficking organizations in the early 1980's.

A DNP [National Department of Planning] report stated that, between 1990 and 1994, subversive organizations obtained resources for more than 1.7 trillion pesos through, among others, theft, extortion, and kidnapping. Likewise, the DNP estimated that the direct or indirect costs the country has incurred in this period due to guerrilla activities have totalled more than 12.5 trillion pesos.

Colombia: ELN Threat to Oil Installations Discussed

96SM0468A Santa Fe de Bogota EL TIEMPO in Spanish 21 Jul 96 p 14A

[Article by EL TIEMPO staff writer Orlando Leon Restrepo]

[FBIS Translated Text] While the military claim that various multinationals consider themselves obliged to accept the guerrilla movement's demands for protection payments [vacuna], and those firms deny this, the number of ELN [Army of National Liberation] and FARC [Revolutionary Armed Forces of Colombia] fronts surrounding the oil wells is multiplying.

The guerrilla movement estimates that it could obtain approximately 140 billion pesos from the oil industry in a year's time, through extortion, kidnappings, and blackmail.

This warning comes from veteran Army officers, who are closely following the gradual encirclement of crude oil by "Elenos" [ELN forces] and FARC fronts in Casanare, Antioquia, and Norte de Santander.

The guerrilla movement has its sights focused on 60 multinational companies and about 100 subcontracting firms engaged in crude oil exploration and production activities, which require transportation of the hydrocarbon product through the 11,577 km of special conduit systems existing in Colombia.

In fact, in an area as immense as it is vulnerable, there is a persistent threat of attacks against crude oil production activity and storage installations, transport vehicles, and oil pipelines owned by those companies and by the Colombian Petroleum Enterprise (ECOPETROL).

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In the case of this year alone, the official records cite eight kidnappings of foreign engineers, and the multinationals claim that they number 12, involving three foreigners and the rest nationals.

Approximately $13 million has been demanded for the release of three foreign employees, and the guerrillas are asking for between 50 and 200 million pesos in return for the Colombian engineers.

The figures recently submitted by ECOPETROL reveal that, in the so-called northern sector, in Tibu (Norte de Santander), three kidnappings occurred during the past year, involving the company's personnel, including a member of the board of directors. To date, there has been no information concerning them.

Those abductions constitute an unequivocal sign of the share of profit that the FARC and ELN expect to accrue in the country's seven leading oil production activity regions.

In the Sights

The analyst for a multinational operating in Colombia claims: "The harsh reality of the oil industry is this: we are a military target that the guerrilla movement does not want to eliminate. And we will continue to be such so long as we continue our production activities."

The Armed Forces have assigned approximately 9,000 men, distributed in special battalions and companies, whose mission is to protect the oil industry. However, the multinationals are the first to admit that those efforts will never prove sufficient. The guerrilla movement wants money.

The analyst adds: "Despite their threats, the subversive groups are not interested in using their terrorist capacity to destroy the oil infrastructure. Their objective is to take the maximum financial advantage of it, and to 'squeeze' that 'black gold' udder that they have within their reach."

Another reality is shown by the National Army's statistics. The presence of subversive fronts and terrorist acts is becoming increasingly heightened in the oil producing zones, particularly in Casanare. And the fact is that the ELN, especially, has learned from the Domingo Lain Front's experience.

According to an intelligence report, during late 1992, after President Julio Cesar Turbay Ayala's government ended, and when the ELN had been literally decimated, with only one front available in the oil production activity areas, the unexpected bonanza appeared.

With the discovery of Cano Limon-Covenas, and the order to construct the "turn-key" oil pipeline, the ELN realized the strategic importance of the oil producing zones.

The then newly created Domingo Lain Sanz Front, operating in the towns of Saravena, Fortul, Arauca, and Puerto Rondon, with 40 members, found in the extortion of the Manessman company not only a means for filling its knapsacks, but also the path to its dramatic reinforcement in numbers of men and offensive capacity.

It is a fact that, in 14 years, the group's growth has been colossal. At present, 13 of that subversive group's fronts are operating in the country's oil producing zones located in the departments of Arauca, Casanare, Norte de Santander, Santander, Cesar, Antioquia, and Huila. Those fronts have an army of 1,200 men available to exert pressure on companies, contractors, and workers, and to carry out terrorist acts against installations, vehicles, and oil pipelines at any moment.

To oppose that force, the Armed Forces have 9,000 men, 6,000 of whom are in the oil producing zones of Arauca, Sasanare, and Meta, distributed in two mobile brigades and special units.

Military analysts observe that the ELN policy is one of head-on, direct war against the foreign companies exploring and producing Colombian crude oil. In fact, the Army attributes to the "Elenos" the 417 attacks suffered by the Cano Limon-Covenas oil pipeline since 1986, when it went into service.

Owing to those attacks, the departments located in the ELN's area of influence have failed to receive nearly 79 billion pesos in royalties. And that is not all. Largely as a result of the guerrilla movement's harassment, Shell and Oxy have abandoned the areas of production activity in Tenai (Huila) and Bajo Caranal (Arauca).

The government's concern lies in the fact that, while the new oil discoveries (Cusiana being the principal one) and the prospect of new wells have attracted a larger foreign presence, the pressure exerted and the demands for payment made by the guerrilla movement are increasing the numbers of areas and contractors requiring support and security.

A recent ECOPETROL report shows that the number of multinationals in the country has risen from 44 in 1994 to 60 in 1996, with 13 established in Casanare. These firms are now facing various risks, and the guerrilla movement is attempting to force their submission through different types of extortion on several levels.

The international analyst remarks: "Some companies are more exposed than others. This applies to those engaged in exploration work in the subsoil, known as seismic activity, and out in the open. That is occurring

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in Arauca, Casanare, and Los Llanos, where groups of approximately 600 persons are working in an area measuring between 10 and 30 km, with little protection."

Grade 1, Grade 2

In his judgment, the encounter between guerrillas and oil companies, which usually begins as a coexistence relationship because they share a common area, in fact, ends up later becoming a nightmare, with extortions, kidnappings, and enormous losses.

He notes: "We consider the grade 1 relationship 'normal': in other words, with the guerrilla groups passing through the site asking those in charge of the projects for food, drugs, and equipment.

"The grade 2 relationship is aggressive. The guerrillas can demand sums ranging from 2,000 pesos in the case of the 'twenty-eighters,' that is, laborers working on construction temporarily and earning an average of 9,000 pesos per day, to 4 or 5 million pesos in the case of contractors or companies associated with the multinationals, based on threats of destroying machinery."

According to the authorities, the payment of a percentage of the wage demanded by the guerrilla movement from the so-called "twenty-eighters" is currently a widespread type of blackmail.

One case, that of a laborer who was working at well No. 18 of the Cano Limon-Covenas oil pipeline, in Arauquita O, exemplifies the others.

The laborer told the authorities: "Near the end of June, a man approached me while I was having lunch, and told me that, if I wanted to appear on the work lists, I had to pay him about 2,000 pesos out of the wage that I would earn in a day. I refused and, a few days later, when the lists of the 'twenty-eighters' were published, my name did not appear."

Nevertheless, the real bonanza for the subversives lies with the multinationals. According to one expert, the subversive groups in Casanare know the value of the contracts signed with the companies, and engage in intimidation to demand of them 10 percent of the profits that they accrue, as occurred in the Casanare area early this year.

One contractor claimed: "About 20 youths wearing ELN armbands passed through the work site, where there was oil construction activity. They delivered a printed bulletin, claiming that their policy was aimed against foreigners profiting from the oil, and that they were protecting the people from being robbed." He continued: "The next week, some individuals showed up at the offices, saying that if we did not want them to burn one of our trucks, or damage the machinery, we had to contribute. Weeks later, they stopped a truck, made the driver leave it, and held him for an hour. They set him free with a message stating: 'This was not the one we wanted.'"

The ELN, which has gradually surrounded Casanare and other regions, has decided to opt for a new "protection payment": demanding of the contracting companies a percentage for the use of land for activities associated with exploration and production activity.

Are payments being made or not? The answer to this question is perhaps the knottiest problem in the harsh guerrilla issue. The fact is that, while the military tend to claim that various multinationals are paying for their "peace of mind," the latter flatly deny this.

The justice system has no certain evidence of either the one reality or the other, and so the only tangible fact is that the number of FARC and ELN fronts seeking their main source of financial provisions in the oil bonanzas is multiplying.

Cano Limon-Covenas Oil Pipeline (Terrorist Attacks in 1994-95-96)

Year	No. of Attacks	Barrels of Crude Spilled	Cost of Crude Spilled (dollars)	Cost of Repairs (dollars)
1994	45	142,300	2,100,000	1994 [sic]
1995	46	128,500	2,500,000	1995 [sic]
1996	25	73,000	1,102,000	1996 [sic]
Total	116	343,800	5,702,000	Total

ELN: 13 Fronts Against the Oil Industry

After the 1970's, when the ELN was virtually annihilated, and its main ringleaders, the brothers Manuel, Antonio, and Pablo Vazquez Castano, were killed or forced to leave the country as a result of the so-called "Operation Anori," conducted by the National Army in northeastern Antioquia, the group reappeared with force in the country's oil producing zones.

Since 1982, when the group had 230 men distributed in three rural fronts and five urban structures, it has declared as the target of its attacks the infrastructure, employees, and companies associated with oil production activities.

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By that time, when Cano Limon-Covenas was discovered, the Domingo Lain Front, which would later operate in the Arauca region, was being formed. Thanks to the extorted payments that it was demanding of the Manessman company, the builder of the "turn-key" oil pipeline, this front became consolidated. In 1986, when the oil pipeline began operating, the ELN started its attacks against the companies' assets and Cano Limon-Covenas.

The group gradually surrounded and hemmed in the seven Colombian regions in which exploration or production activities are currently being carried out by 60 foreign companies and a large number of contracting firms.

The harassment by the group has reached the point where, at present, according to statistics from the Military Forces, the ELN has 13 fronts and 1,200 men established in the oil producing zones, for the sole purpose of supplying the group's financial resources.

According to the Army, the Jose David Suarez Front, operating in Arauca, managed to grow and become consolidated in the area owing to the millions in extorted funds being paid to it by the Manessman company, which was later forced to leave the country.

Every year, each one of the fronts must be accountable to the Central Command (COCE) for a sum of between 3,000 and 5,000 pesos, based on extortions, kidnappings, and blackmail.

To exert pressure on the companies, the ELN burns installations and vehicles, or explodes oil pipelines.

The analyst for a well-known multinational firm established in Colombia assured EL TIEMPO: "The support from the Military Forces is excellent, but it is completely inadequate, despite their super-human effort."

Paraguay

Paraguay: Argentina Withholds Funds for Yacyreta Dam

PY3007224396 Asuncion RPC Television Network in Spanish 0000 GMT 30 Jul 96

[FBIS Translated Text] The Paraguayan Foreign Ministry will ask the Argentine Government to submit to the Yacyreta Binational Enterprise the withheld funds to avoid worsening of the situation at the hydroelectric dam.

The Argentine Government's unilateral decision continues to harm the Yacyreta's management. A recent problem was the still unsolved strike staged by the workers.

[Begin Foreign Minister Melgarejo Lanzoni recording, in progress] The funds are being withheld in Argentina by an unilateral decision that was probably adopted by the Argentine Government. These retentions are particularly affecting the conflict that has erupted at the Yacyreta Dam. We consider that all those unilateral measures are not in keeping with our desire to seek consensus and dialogue. This is why we are mediating at a special request of the Yacyreta enterprise [end recording]

Yacyreta Director General Joaquin Rodriguez, in turn, stated that the Menem administration is using the funds to meet other commitments to the detriment of the binational enterprise.

[Begin Rodriguez recording] They are using those funds to pay for certain accounts. For example, the toll on the transmission line, payment to Corrientes and Misiones Provinces, and the differences between the 30 thousandth [as heard] of the energy price and the spot price prevailing in Argentina.

[Begin unidentified reporter] Are they empowered to do that?

[Rodriguez] No. Only the Yacyreta management is empowered to do that. [end recording]

Paraguay: Visit by Cuba's Robaina Raises Expectations

PY3007155596 Asuncion NOTICIAS in Spanish 29 Jul 96 p 5

[FBIS Translated Excerpt] Cuban Foreign Minister Roberto Robaina's upcoming arrival in our country on 1 August is raising many expectations.

The Cuban foreign minister will have a very busy agenda, including meetings with the president of the Republic, engineer Juan Carlos Wasmosy; Foreign Minister Ruben Melgarejo Lanzoni; ministers and government representatives.

Robaina will also meet the Senate and Chamber of Deputies presidents and politicians.

The expectations raised by the Cuban foreign minister's arrival are part of the current negotiations to resume the relations — which, for the time being, are at the consular level — with that Central American nation. [passage omitted]

Paraguay: PRF Holds Rally in Solidarity With Cuba

PY3007190896 Asuncion NOTICIAS in Spanish 27 Jul 96 p 10

[FBIS Translated Excerpt] Various political parties, headed by the Febrerista Revolutionary Party [PRF];

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the Communist Party; the PDP [Popular Democratic Party]; MOPALI [Jose G. Rodriguez de Francia Paraguayan Liberation Movement]; Free Fatherland; Paraguay Pyahura; and other parties, held a rally in solidarity with Cuba at the PRF headquarters on 26 July. During the rally, the PRF president, a Cuban diplomat, a representative from left-wing organizations, and the head of the Association of Paraguayan Students in Cuba made speeches.

The sponsors of the rally in solidarity with Cuba support the self-determination of nations and the reestablishment of diplomatic relations between Cuba and Paraguay. The rally also marked the 40th anniversary of the storming of the La Moncada barracks, which represents "the commencement of Latin America's greatest liberation feat and the full expression of the Socialist spirit and platform." [passage omitted]

Peru

Peru: U.S. 'Interventionist' Latin America Policy Viewed

PY3107023096 Lima EXPRESO in Spanish 25 Jul 96 p A31

[Editorial by Fina del Prado Chavez-Herrera: "Are Those Who Have the Whip Hand Entitled To Overstep the Mark?"]

[FBIS Translated Text] With the new international order and the globalization of the planet, there is a tendency to observe that the principle of nonintervention in international practices has been "rendered more flexible." Intervention in the name of democracy, human rights, national security are of late the most frequently used arguments to justify intervention by one country in the domestic affairs of another.

Although the United States has been left as practically the sole world leader, and in fact does not need the acquiescence of other states to do what it pleases, it is also true that reaction to arrogant or arbitrary actions are much more vocal than at the time of the Cold War. Perhaps because condemning them could, in those days, be construed as an alignment with the Soviet Union. Now, people make their voices heard and give vent to their condemnations. It goes without saying that voices are louder when the war is carried into one's own camp — as was the case of the EU vis-a-vis Chapter 3 of the Helms-Burton Act — and weaker when the effect is imperceptible, but voices are nonetheless raised against such actions.

Although "those who have the whip hand can afford overstepping the mark," it is not possible here to upset the apple cart and go back to the times of unilateral retaliations and reprisal measures because governments do not act in the way the strongest one would like them to. Globalization is not only in the field of economics, there are numerous international fora, mechanisms for dialogue and compromise within the framework of international law, which must be enforced and observed.

The most extreme and flagrant form of intervention is the one that resorts to the use of force. Still, there are subtler forms of intervention, which are the ones Washington has chosen in its foreign policy vis-a-vis Latin America in this presidential year — namely, to stiffen the embargo on trade with Cuba by adopting measures which affect others and to cancel the Colombian president's U.S. visa, which reflect the interventionist stance adopted by the Clinton Administration.

Undoubtedly, Washington is intent on showing that it is relentless in its position on dictatorship and drug trafficking, which are indeed good electoral arguments.

Castro's dictatorship and the Colombian narco-scandal are real. Nevertheless, is the long arm of the U.S. law entitled to reach the four corners of the earth no matter what? Has it been "appointed" to decide whether a country's judiciary is trustworthy, whether or not a president is telling a lie, where one should invest, what is the best course of action for a nation?

A military intervention like the one which took place in Panama in 1989 was unanimously condemned. The community of nations protested at the violation of the principle of nonintervention, which is underpinned by two basic principles of international law — states' sovereignty and independence.

This notwithstanding, Richard Feinberg, an expert in Latin American affairs and a former adviser to President Clinton, said last week that the issue of sovereignty is just a subterfuge to protect "rascals."

Feinberg pointed out: "While nations have the right to protect their territories and patrol their borders, some Latin American governments nowadays frequently use the issue of sovereignty as a shield to hide reactionary activities."

"Some Latin American governments repress dissidents, restrict the public's freedoms, violate the rights of workers, rock drug-runners in their arms, and destroy the environment for the sake of 'national sovereignty,'" he argued.

Does this mean that we have to be "protected" by the United States or by some other great power to prevent the "bad guys" from deceiving Latin American peoples? Of course, provided they want to "help us," or

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in other words, on condition that such a thing affects their "internal security," namely their interests.

How much longer will our elder sister lead us by the hand? When will we be able to walk by ourselves unattended? Or is it that others think it advisable that we should not learn to walk...?

Peru: Interior Minister Blames Shining Path for Attack

PY3007130496 Madrid EFE in Spanish 0201 GMT 30 Jul 96

[FBIS Translated Excerpt] Lima, 29 Jul (EFE) — Peruvian Interior Minister General Juan Briones said today that the car bomb that destroyed the front of a building in San Borja district was carried out by "fanatics" of the terrorist Shining Path gang.

Briones expressed concern because "the people have a wrong interpretation of this type of event," in reference to reports indicating that the Shining Path is reorganizing the gang after practically being dismantled by the Peruvian security forces in the last three and one-half years, reducing its activities to a minimum.

According to the national news agency ANDINA, General Briones called on the population not to be alarmed by the attack and that "adequate measures are being taken" to capture and punish the individuals responsible for it." [passage omitted]

Peru: Fujimori Gives State of Nation Address

PY2907142096 Lima Radio Programas del Peru Network in Spanish 1602 GMT 28 Jul 96

["State of nation" address over national radio and TV network by President Alberto Fujimori on Peruvian Independence Day from Congress building in Lima — live]

[FBIS Translated Text] Mr. Congress President Joy Way Rojas; Messrs. congressmen; Your Excellency Gonzalo Sanchez de Lozada, president of Bolivia and dear friend; fellow countrymen. First I would like to greet, on behalf of the Peruvian Government and people, the highest representative of the people whose bonds with us are most fraternal and go a long way back. I refer to the president of Bolivia who, by joining us for these festivities, underscores the rapprochement which has been developing these past few years. We want to extend to President Sanchez de Lozada our warmest welcome. [applause]

Today, 28 July 1996, we end yet another year of hard work to rebuild and develop Peru. Unlike previous years, I am unable to say that we have attained yet another record growth. This year there have been difficulties, albeit situational, which have temporarily slowed our economy. Undoubtedly, we have how entered a stage of sustained growth during which an atmosphere of trust in Peru's future has been definitely strengthened. The huge investments that have been made this year speak for themselves.

A second wave of reforms in Peru — geared to consolidating the market economy, modernizing the whole apparatus of government, promoting significant inflows of private investment, sending clear signals of macroeconomic stability, and boosting domestic saving, among other things — enable us to realistically estimate and average GDP growth of 5 or 6 percent per annum until the year 2000. In other words, following a year beset with difficulties, the coming years will see real and sustained economic upturn.

Abroad we continue to be one of the stars of Latin America, so much so that the success of New York has enabled foreign investors to recover their confidence in Latin America following the so-called Tequila effect. This should make us proud and encourage us as a country. We have come up with a kind of positive Pisco-sour.

There is a trade deficit and we are keeping an eye on it. It is true that we are importing more capital goods than before, more machinery, equipment, and technology. This is only to be expected given Peru's growth in the past few years. Our goal, however, is to attain a manageable trade and payment balance.

The second wave of reforms, expedited by the powers that Congress bestowed on the executive, began with new tax law, the creation of Indecopi [National Institute for the Protection of Free Competition and Intellectual Property], the social security law, the law on titles for informal settlements, the merger of Promperu [expansion unknown] and Foptur [Tourism Promotion Fund], and of Cordecallao [Callao Development Corporation] and Cordelima [Lima Development Corporation]. There will be other measures related to banks, capital market, pension funds management companies, agriculture, health and education.

We must no longer merely react to the protracted state of emergency that Peru has endured for years, but to start planning the country's future so as to offer our children better opportunities. This means we must end this five-year period as a country firmly on course toward development, a competitive country within the world scenario. It is not my style to make promises but to base my forecasts on concrete results.

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Foreign investments which totalled $1 billion in 1990, now total $5.3 billion, and at least $10 billion more have been committed for the next five years. These amounts are just foreign investment commitments. Privatizations will yield another $4.811 billion.

These figures speak for themselves and tell us that conditions are right for Peru's development in the medium and long term.

Another sign of a radical change of attitude is the fact that most former sugar cooperatives have recently become corporations thus making it possible to recover sugar production and export levels that used to make the country proud.

Thus, the country is moving forward. We are already thinking about Lima in 2000; we are thinking about increasing its water supply for which we have in mind the mountain lakes near Lima. We are planning to invest $100 million to enlarge the Jorge Chavez airport, the country's main airport. We will also invest $160 million to modernize the port of Callao.

Let me cite yet another example of our concern for the future: We want to develop the southern region around the Matarani-Ilo-Tacna axis, and employ an aggressive policy to develop the agroindustrial and tourist potential of our mountain and jungle areas.

We have, fortunately, become a realistic people who bring enthusiasm and courage to our decisive efforts to overcome the hurdles inherent to any process of national development. Is there extreme poverty? Of course there is, and we are fully aware of its scope and causes, because it is our foremost and biggest challenge. To deal with this centuries-old problem we are building a progressively more effective and rational state which is already channeling resources for social development with increased efficiency.

The National Compensation and Social Development Fund, Foncodes, will celebrate its fifth anniversary in August by attaining its goal: 20,000 projects implemented throughout the country with a total investment of more than $750 million, 74 percent of which came from the state.

Objectively speaking, this makes us one of Latin America's leading countries in terms of fighting poverty.

At the gates of Lima and other large cities there is an ongoing process of popular settlement which has ripple effects that have not been fully assessed.

Just around the corner, in the Rimac district near the Congress building, we have the well known San Cristobal hill. It was always considered San Cristobal the ugly face of Lima. On that hillside the poor people began to build their houses five decades ago. No one paid any attention to them as if they did not exist. Society and the state considered them second-class citizens. With state investments to supply construction materials, the strong support of the Army, and the enthusiasm of neighborhood committees, San Cristobal is gradually becoming something very few people could have imagined. What is known as the little hill with a cross will become a district of paved streets, remodeled houses, and well presented shops; in other words a picturesque part of Lima. This is an example of what can be done when the people believe in the state and feel supported by it.

The same is taking place on San Cosme, El Pino, San Pedro, and El Agustino hills. Urban development of poor districts is also taking place on these hills and this experience will be extended to cities on the coast, the mountain range, and the jungle regions.

The government does not base its work on macroeconomic indicators alone. The president of Peru regularly visits the poor regions and perceives that progress is contagious — not only progress but also the sense of dignity and pride of being Peruvian. The same thing is happening in the oldest districts of northern and southeastern Lima, where the people are hoping to become citizens with full rights. This urban development, which is being carried out at the national level, is not only synonymous of infrastructural construction, schools, health centers, police posts, electric energy, water and sewer system, and paved streets but also the program of providing titles to informal urban property that has began with great success.

The coordination between the Resettling Support Program, PAR, and the National Identification Registry, Renied, will allow the implementation of a program to provide identification cards to all Peruvians, who as a result of the environment of violence imposed by terrorism or for other reasons have no identification documents. [applause]

The legislative decrees to incorporate, within two years, more than 600,000 people to the status of citizens will be promulgated this week. This also represents integration and social justice.

We are building the country with great effort which also imposes great restrictions — such as paying a foreign debt for badly invested credits, and covering the hole made by social security equal to half that debt — and if that were not enough we seek to narrow the great gaps that exist between those living in the large cities and the peasant communities. There is a fantastic difference between the peasant communities and the rest of Peruvian society.

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These large debts create very restrictive budgets, which keep the salary of public workers low and put at the same time a relatively heavy burden on the business sector. I am saying this with great sincerity because of the national problems. Therefore, respecting other points of view, I reiterate here that we will not break the budget equilibrium no matter how strong the pressure from the media or from any other sources. The struggle for a larger part of the national budget will not be defined that way but on the basis of an authentic decentralization, which means an authentic democratization of public spending. [applause]

An example of greater distribution of wealth is the one established by Legislative Decree 776, which was so controversial when approved, and which continues to provide resources to districts that need it most and which could not attract any attention.

Our approach, the design of our government policy, without ignoring short-term and urgent solutions, does not disregard the medium and long-term solutions in all phases. Let us take, for example, the budget for education. This is where large investments in infrastructure are made, such as equipment and training for teachers. The training was partially financed by the World Bank and will soon be financed by the Inter-American Development Bank. This is how current problems are being resolved and how at the same time we are projecting ourselves to the future.

It is particularly gratifying for me to enter a school, whatever its level, and see that the answer of students and teachers to the efforts of the state is harder work, more dedication to teaching, to studying, a strong desire for improvement. It is gratifying to see that the seed for excellence and competition is not falling on arid land. [applause]

It is also gratifying to see that education is gradually being articulated, integrated into development and production, when, for example, equipment is installed in state educational centers to teach students to become motor mechanics.

Our educational policy has successfully neutralized the intensive campaign of some opposition sectors in the sense that free education was at stake. I cordially invite the distinguished representatives of the opposition who are not yet convinced to visit the new schools in any of the Lima districts and provinces, and finally convince themselves that public education in Peru is not only free but it is becoming gradually an expression of an authentic democratization of the life of the nation. [applause]

The current modernization of the university is guided by the same and invariable principle. Access to knowledge must not be a privilege of those who can pay the institutes that prepare for entrance exams. [applause]

Although there must be a selection of the best high school graduates, the low level of education of the state schools should not be ignored. The list for entrance exams should not exclude high school graduates and only consider students who took entrance exam courses in special institutes. Therefore, an effort will be made to coordinate with the universities and find the appropriate mechanisms to get a real selection of university candidates and not allow only the elite to enter universities. [applause]

Of course this proposal demands a broad national debate, especially at the National Assembly of University Rectors, and here at the National Congress. [applause]

At the same time, through an efficient and orderly university that gradually recovers its prestige in society, we intend to strengthen technical education with the appropriate equipment in high schools and technical institutes. I will not yet talk about figures within the educational or health areas, but about tactical alliances in action among the government, society, and a true army of public servants who are making a tremendous effort, an effort that cannot be measured in numbers.

The government is trying to ensure that equipment and medicines reach practically inaccessible places. But the most important of all is the human effort. It is truly encouraging and instructive to verify, as I have seen on my trips deep into the countryside, whether into the jungle areas or to the coast, how education and health personnel resolve problems with admirable sacrifice.

I have been touched to see a health worker, a nurse, or a doctor returning from a vaccination campaign deep in the countryside on horseback; or seeing teachers taking long canoe rides to fulfill their very important mission. [applause]

During a council of ministers meeting we analyzed the proportion between administrative and medical personnel. We have not reached the ideal point yet; in some health centers there is an imbalance between administrative personnel and the number of doctors. But these cold figures by no means reflect the authentic social calling, and the great effort these valuable servants of the country are making to express solidarity with the community where they are working, to the extent of their creativity.

The state has contracted a tremendous debt with the workers, but this government at a given moment will try to recognize them to the extent possible. [applause]

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We have not forgotten that Peruvian women can decide their own destiny. They must be agents of modernization and of the productive revolution. For this reason we insist on supporting women organized in urban and rural areas, increasingly improving the efficiency of the distribution of production, food, and medicines. It is based on this, and with the only objective of enhancing the glass-of-milk program, that this honorable Congress ordered its distribution at district level. [applause]

Moreover, today I have verified the outstanding participation of Peruvian women in Congress. Perhaps for the first time in the history of Peruvian Congress, the welcoming committee today fully comprised of Peruvian congresswomen. [applause]

I do not intend to overwhelm the illustrious congressmen with many figures on the works for development, but I would like to mention a few to clearly outline the considerable effort being made by the state in this field, and of which many are not yet aware. [applause]

I want to extend this cordial invitation to visit Peru throughout its territory. I want to humbly mention these figures achieved during this year alone — I want to stress that these figures were achieved during the course of this year: 1,800 Km of high- and medium-tension electricity lines [applause] — Please do not applaud every time I mention figures because I will read a succession of figures that will impress you — Dams which total 160 million cubic meters of water; the construction and refurbishing of 140 thermoelectric and hydroelectric plants; the refurbishing, enhancing, and maintenance of 7,030 km of highways; nine remodeled airports; the construction of runways in new settlements that are equivalent to 50 highways in Arequipa; 62 percent of the population now have running water, sewerage, and electricity, compared to the 45 percent in 1990 when we received the country. [applause] There is more: The implementation of 452 small irrigation projects which improve 82,000 hectares of land; the production of 50 million seedlings to reforest 20,000 hectares; 14 new projects to expand piers for private fishing; the issuance of 51,000 land titles on a rural surface of 3.2 million hectares; 530,000 tourists over the past 12 months; 5,050 classes for 400,000 students; 44,000 medical and hospital equipment for 3,450 health establishments throughout the nation. This is the end of the figures I wanted to give you. [applause]

The tax treatment granted to tourist accommodation establishments, which had been postponed, has considerably increased investments in that sector. Investments increased to $315 million in one year. We must set as an objective not just 600,000 tourists, we must increase tourist, cultural, and adventure programs. For tourism promotion we do not only have Machu Picchu, the Nazca Lines, and the site of Our Lord of Zepan. We also have Chavin de Huantar, (Fechin), Moray, Vilcas Huaman, Cajamarca, Chachapoyas, and (Chanchan). The latter, the largest town made of clay walls, is a patrimony we must recover after 30 years of unfulfilled campaign promises. [applause]

An efficient public administration depends on institutions that work, and these institutions depend on the professionalism and revaluation of public servants. We want a state at the service of the people rather than a state served by the people. We have achieved half of our objective, because we have state organizations already working, organizations which are no longer a burden.

Some examples are: customs, [word indistinct], Indecopi, Tunac [expansion unknown], Inte [National Institute of Television Education], the Construction Materials Supply Program, Foncodes, Fonavi [National Housing Fund], Fondepeq, Pronamac, Promperu [preceding three acronyms expansion unknown], as well as Pronaa [National Food Assistance Program], Cordelica [Lima and Callao Development Corporation], and even the Immigration Department, among others. [applause]

This process will be completed when all Peruvians — both common citizens requiring services, and businessmen and investors who risk their capital — start feeling that the state and public servants in general are not making their lives difficult but rather the other way around — because that is what they are there for, to serve, which is why they are called public servants.

We were the first ones to acknowledge the gravity of the discovery of drugs on a Peruvian Air Force [FAP] plane and in Navy vessels. Nevertheless, we would like to underscore that the command of these institutions and their control bodies have acted with alacrity to expose this illegal peddling of drugs and to pave the way for the action of the courts.

The international commercial transportation of the FAP and the Navy will be suspended as of 1 August. Instructions will be issued shortly to reduce the risks of crimes like the above. [applause]

In Peru or in other places in the world, confronting corruption groups which are ensconced in or outside the state entails receiving an immediate response by those affected by moralizing actions. Pressure, however, will not stall the moralization campaign.

In some cases, the approach is to make the price of some company that is about to be privatized drop, or to discredit some public organization over the purchase of some equipment in order to push the sale of a given brand. More than once we have been surprised at the

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discovery that moralizing attitudes were just a disguise for vested interests seeking to benefit through smear campaigns.

Just as we must be alert to possible state corruption, we must take action against fake moralists who try to secure undue privileges. [sustained applause, cheers]

In asserting that at present, the Peruvian public as well as foreign and local investors do not fully trust the judiciary, I am not saying anything new or extraordinary. We have to overcome this reality once and for all. Thus, I congratulate Congress for creating a judicial coordination committee to coordinate judicial matters and to expedite the reform of the judiciary and of the state prosecutor's office. [applause]

We have made mistakes in the struggle against terrorism, including unfair detentions and sentences. Thanks to the indefatigable task of government committee for the defense of human rights — established by the Peruvian Government — it has been possible to release approximately 150 citizens. A bill drafted by the executive in cooperation with the ombudsman will be submitted to Congress to expedite the process of releasing another group of citizens who were unjustly taken into custody. [applause, cheers]

We have implemented drastic, severe legislation to stop the recent crime wave and to restore peace of mind. We have amended several articles of the penal code. We will be inflexible with kidnapers, rapists, and hardened armed thieves who threaten the lives of the citizens. The worst cases will be punished with life imprisonment.

We acknowledge that, barring a few undesirable individuals, the Peruvian National Police [PNP] — which are operating throughout the national territory — have effectively and unselfishly discharged their noble duty of preserving order and peace.

We must also emphasize the PNP's drug enforcement efforts: 41 tons of cocaine has been seized this past year alone. This is a record, greater than the sum of all seizures between 1980 and 1990.

Public security has been improved by gradually restoring police stations destroyed by terrorists, and building new ones. All this tells us that the peace process is firmly taking hold.

There is, however, one challenge we have not been able to cope with effectively so far, a challenge that will requires us to display our utmost intellectual and physical efforts: We must increase our exports as the cornerstone of our creativity and competitiveness.

We have created Promte [expansion unknown] to bring together public and private efforts in order to make our exports grow. Agricultural exports are already looking better, although we must admit that industry — particularly textiles — has experienced a setback which must be overcome.

Although macroeconomic indicators are gaining stability all the time, some productive and service companies are heavily burdened by debts which make their costs rise. They have a heavy financial and tax burden. These companies, however, are competitive and viable in terms of productivity.

Certain social sectors have been really harmed by the prevailing situation. Small businessmen and their employees have had it very hard over the past year. I am perfectly aware of this. Thus, it is important for the nation to provide these viable companies with a realistic plan to reschedule their debts, thus allowing them to continue to operate competitively, generate wealth, and create new jobs for all Peruvians. With this in mind we are working on a legislative decree which will create a flexible debt-rescheduling plan without changing the rules of the game. [applause]

In order to turn social spending into a productive investment, as we pledged to do last year, we will purchase locally-manufactured products for social projects like the glass-of-milk program. This approach has been successfully used by low-income restaurants.

The economic growth cannot exclude the great majorities. Therefore, as a concrete measure, which is part of the current macroeconomic policy, a plan has been drawn up for the creation of a bank to take care of the credit demands of the low income sectors. A call will be made to the entities of the private financial sector that are interested in this plan.

A bank of this kind will operate as a financial and commercial entity to grant small loans. We expect this plan will complement the struggle we are carrying out against poverty. We expect to have the support of the World Bank for this project. The Bolivian experience with the Solidarity Bank will be very useful to us. In this regard we have the cooperation offered by Bolivian President Gonzalo Sanchez de Lozada. [applause]

The new momentum that Peru has instilled in its foreign relations is remarkable. While rising to new challenges, it has resurrected and strengthened longstanding foreign policy values. The peace process that began with the Itamaraty Declaration has paved the way for the solution of existing impasses with Ecuador. Objectively speaking, the process has matured through the meetings in Buenos Aires, Lima, and Quito. Those talks have led to a number of procedural agreements that will be further developed at the meeting in Santiago. After that

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we will be ready to begin discussing essential issues in Brasilia. Peru wants to reiterate its utmost predisposition to continue its talks with the fraternal Ecuadoran people.

Peruvian-Bolivian relations have also taken on a new momentum. An example of it is the establishment of a binational city at the border: Desaguero, which will become one of the main poles of the export corridors to the Peruvian ports of Ilo and Matarani.

Two great steps to streamline the financing of the country have been taken. The Brady Plan for Peru and the successful negotiations with the Paris Club. The Peruvian people should have an idea of what it means to negotiate our complex debt, in terms that would allow us as a country to grow and to resolve basic problems. But the very large inherited foreign debt, as we already said, will not allow us to increase low salaries in the short term, reduce high taxes, or eliminate some limitations. For some Peruvians it can be very easy to say that the debt should not be paid or that it should be paid on other terms. This is nothing new and the consequences we already experienced for a long time.

The rescheduling of Peru's debt with creditor countries associated with the Paris Club — which will reduce our country's risk — has eliminated one of the fragilities our country had. In other words, there is now the possibility for the country to live, work, and specially grow without being scared, without being choked by a new debt rescheduling. We are thus grateful to the member countries of the Paris Club, the World Bank, the Inter-American Development Bank, and — I say frankly and directly — to the IMF. [applause]

From now on I believe the credits obtained for the country must be seriously assessed by using the criteria of priority and rational use of resources to avoid the mistakes of the past.

The project to build the fatherland is being shared by all: Civilians and military; men and women. The Armed Forces' contribution this year to the development and to the consolidation processes of the national pacification was important. This is a contribution I want to stress because our Armed Forces have also fulfilled their essential task of safeguarding our national sovereignty. [applause]

During this last five-year term of the century the participation of women in different areas of national life has been unprecedented. During this period which is ending, one outstanding woman is heading the National Congress. She is Dr. Martha Chavez. [applause]. She is the first woman in our history to have been president of the National Congress. We have other authentic representatives of Peruvian women: Martha Hildbrandt and Luz Salgado, who currently hold the first and third vice presidencies, respectively. [applause]

Today, just four years before 2000, and 25 years from the bicentennial anniversary of the creation of the Peruvian Republic, we ask ourselves, citizens of Peru, an essential question. And allow me to ask this question at the end of this message to the nation: Is our country on the right course toward development, or do we still run the risk of going adrift?

We have a new window of opportunities opening up before us on entering a new century and a new millennium. This is a unique opportunity in our history which will hardly be repeated.

During the next five years, the standard of livings in countries that may achieve development will suffer a transformation greater than those experienced over the past two centuries. I not only expect Peru to be among those nations that will bail itself out of backwardness, I expect it to be in the vanguard of those nations.

As president of the Republic I am fully aware of the great responsibility of guiding the country toward the giant step of locating us in an expectant position in the world arena of the 21st century, as a respected nation, a nation with its own influence.

Nations, as individuals, chose their own destinies and, through elections, choose the size and the quality of the effort and of the commitment to reach the desired goal.

In a world where competitiveness is the prevailing practice, we must be among the first, and thus we must be creative. It is now our turn to change creativity for survival, which has become a reality of that collective feat which has been called national reconstruction, creativity for development. That is the reason for the continuous production in Peru of a vast silent revolution, which goes unnoticed even to the radars of the analysts. Something is happening there where nothing has ever happened. Andean towns that have been dormant for centuries are now awakening. Together with those which have been isolated, they are now converging, integrating themselves into an overall or global process which is setting the basis for the country. Peru is shaping up. [applause]

Common sense shows that the giant step can only be taken by a society that lives the present and will be projected toward the future with a singular realism. One of the great national traumas has been that of having been chained to short-term periods, to short-lived solutions, to patch ups, and to the uncontrollable demand for more resources that were not available.

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The future demands a revolution that must begin in our consciences. Peru is the great enterprise for all Peruvians. In it we have invested the best of us during these years of struggle. Investments are arriving, and with them the technology and the modernization the country has longed for. Everything must lead to create more employment for Peruvians who need it. To achieve this reactivation Peru still needs the best fuel: The faith and confidence of all of you. [applause]

Let us keep going, defending what is ours, building the country without dismay, without yielding to difficulties, sure that together, united, and progressively we will achieve the goal of becoming one of the leading countries of the continent. I want this 28 July to be the day of reaffirmation of all that which, from generation to generation, has maintained the flame of hope alive, of a free, just, united, and prosperous fatherland. Thank you. [applause]

Venezuela

Venezuela: Caldera Gives Reason for Not Meeting Samper

PA3107041096 Paris AFP in Spanish 0022 GMT 31 Jul 96

[FBIS Translated Text] Caracas, 30 Jul (AFP) — Colombian President Ernesto Samper arrived in Venezuela at 2000 (0000 GMT), on a technical stopover on his trip to France, to meet with his colleague Jacques Chirac.

It was officially reported that Samper was met by Venezuelan Foreign Minister Miguel Angel Burelli, with whom he held talks while the Colombian Air Force airplane that is taking him to Paris refueled.

Venezuelan President Rafael Caldera explained he had to attend a toast with Trinidad and Tobago Prime Minister Basdeo Panday, who is visiting Caracas, to justify not meeting with Samper. But it was learned that both presidents spoke over the telephone.

Venezuela and Colombia had a diplomatic skirmish this past week after a Samper assistant divulged a report that criticized Venezuelan officers. Colombian Foreign Minister Maria Emma Mejia visited Caracas on Sunday and Monday to try to smooth the incident over.

Ven[illegible]ela: Chamber President Meets Russian Duma Chairman

PA3107042096 Caracas Venezolana de Television Network in Spanish 0200 GMT 30 Jul 96

[FBIS Translated Text] The Duma delegation from Russia met with Ramon Guillermo Aveledo, president of the Chamber of Deputies, to strengthen biparliamentarian and commercial relations.

Judicial reforms and trade between both countries were the main topics of the meeting. Specifically, on this last one, the Russian delegation will visit the (Molichal) Orimulsion plant on Tuesday, to learn firsthand about the processing of the crude by-product and its use.

[Begin Aveledo recording] It is in Venezuela's interest that the Russian parliamentary leaders learn about orimulsion and the advantage of this fuel for electric power plants and see that this can be a field in which there can be cooperation between the two countries. [end recording]

The chairman of the Russian Duma said that his country's interest in the recently created Venezuelan scheme of exploration and exploitation under the shared profit plan, may soon become effective.

[Begin Duma Chairman Gennadiy Seleznev recording in Russian with simultaneous translation into Spanish] Russian oil companies are interested in participating in joint projects, and we believe that these ideas will become a reality. [end recording]

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